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**INVESTIGATION OF IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD**

HEARINGS
BEFORE THE
SELECT COMMITTEE
ON IMPROPER ACTIVITIES IN THE
LABOR OR MANAGEMENT FIELD
EIGHTY-FIFTH CONGRESS
SECOND SESSION
AND
EIGHTY-SIXTH CONGRESS
FIRST SESSION

PURSUANT TO SENATE RESOLUTIONS 74 AND 221, 85TH CONGRESS
AND SENATE RESOLUTION 44, 86TH CONGRESS

FEBRUARY 26, 1958, FEBRUARY 19, 20, 24, 25, AND MARCH 10, 1959

PART 47

Printed for the use of the Select Committee on Improper Activities in the
Labor or Management Field



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UNITED STATES
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March 15, 1960

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**SELECT COMMITTEE ON IMPROPER ACTIVITIES IN THE LABOR OR
MANAGEMENT FIELD**

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RUTH YOUNG WATT, *Chief Clerk*

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*May be found in the files of the select committee.

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, FEBRUARY 26, 1958

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 4:25 p.m., pursuant to Senate Resolution 221, agreed to January 29, 1958, in the caucus room of the Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Irving M. Ives, Republican, New York; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Barry Goldwater, Republican, Arizona.

Also present: Robert F. Kennedy, chief counsel; Jerome S. Adlerman, assistant chief counsel; Ruth Young Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the committee present at the convening of the session were: Senators McClellan, Ives, Ervin, and Goldwater.)

The CHAIRMAN. We will proceed.

Mr. KENNEDY. Mr. Chairman, I have a witness here from a long distance that I would like to get some information from and also some records.

The CHAIRMAN. Call the witness.

Mr. KENNEDY. Mrs. Hyman Larner.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mrs. LARNER. I do.

TESTIMONY OF MRS. MYRTLE LARNER, ACCOMPANIED BY HER COUNSEL, JAMES A. BROWN

The CHAIRMAN. Will you state your name, and your place of residence and your business or occupation?

Mrs. LARNER. Myrtle Larner, 1290 Northeast 101st Street, Miami Shores, housewife.

The CHAIRMAN. Do you have counsel present to represent you?

Mrs. LARNER. Yes, sir, I do.

The CHAIRMAN. Counsel, will you identify yourself for the record?

Mr. BROWN. My name is James A. Brown, B-r-o-w-n, and I am an attorney licensed to practice in Illinois and in the Federal courts, and my office is at 111 West Washington Street, Chicago.

The CHAIRMAN. Thank you very much. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mrs. Larner, do you know Mr. Thomas Waterfall?

Mrs. LARNER. I am sorry. I will have to invoke the fifth amendment on the grounds it may tend to incriminate me.

Mr. KENNEDY. He is your husband, is he not?

Mrs. LARNER. I give you the same answer.

Mr. KENNEDY. You refuse to answer?

Mrs. LARNER. It may tend to incriminate me.

Mr. KENNEDY. Is he also known as "Red" Waterfall?

Mrs. LARNER. Again I give the same answer.

Mr. KENNEDY. Do you know anything regarding his relationship with local 134 in Chicago, the jukebox local?

Mrs. LARNER. Again I must take the fifth amendment.

Mr. KENNEDY. Do you know Edward "Dutch" Vogel?

Mrs. LARNER. Again I must take the fifth amendment.

The CHAIRMAN. I don't believe you are going to be very helpful, are you?

Mr. KENNEDY. What interests do you have, or what businesses do you have an interest in at the present time?

Mrs. LARNER. I am not in business.

The CHAIRMAN. You have no businesses?

Mrs. LARNER. I am not in business.

The CHAIRMAN. I did not understand you.

Mrs. LARNER. I have no business.

The CHAIRMAN. You have no business and no business interest?

Mrs. LARNER. No.

Mr. KENNEDY. Does your husband have an interest in the Jukebox Association in Chicago, Ill.?

Mrs. LARNER. I again must invoke the fifth amendment.

Mr. KENNEDY. Do you receive any income from the Jukebox Association in Chicago, Ill.?

Mrs. LARNER. Again, in my opinion, I invoke the fifth amendment.

Mr. KENNEDY. We went in to get the records of the Jukebox Association in Chicago, Ill., and we were told at that time that Red Waterfall picked the records up and left the city.

Can you tell us where "Red" Waterfall went to?

Mrs. LARNER. My answer is the same.

Mr. KENNEDY. Do you know where the records are?

Mrs. LARNER. Again my answer is the same.

Mr. KENNEDY. Do you know anything about the Peerless Steel Specialty Co.?

Mrs. LARNER. What is that? I am sorry, counselor.

Mr. KENNEDY. Do you know anything about the Peerless Steel Specialty Co.?

Mrs. LARNER. In my opinion, this might tend to incriminate me.

Mr. KENNEDY. And the Crossroads Restaurant in Cicero, Ill.?

Mrs. LARNER. I give you the same answer.

The CHAIRMAN. Is there anything we can ask you that won't incriminate you?

Mrs. LARNER. May I confer with my counsel?

The CHAIRMAN. Yes.

(Witness conferred with her counsel.)

Mrs. LARNER. Mr. Counselor, in reference to my subpoena, I have read it thoroughly and it appears to me that you are trying to implicate me in something in which I do not believe I am involved.

The CHAIRMAN. Well, that is fine. Then if you are not involved, it is not likely to incriminate you. Can you give us the information now that we need?

Mrs. LARNER. This subpoena was issued to me in Miami Shores requiring records, and if there are any records, they are not in Miami Shores.

The CHAIRMAN. Can you tell us where they are?

Mrs. LARNER. I take the fifth amendment.

(At this point the following members were present: Senators McClellan, Ives, Goldwater, and Ervin.)

The CHAIRMAN. Do you know they are not?

Mrs. LARNER. They are not in Miami Shores.

The CHAIRMAN. But you take the fifth amendment when you refuse to tell us where they are? Obviously, you know where they are. Do you?

Mrs. LARNER. Again I take the fifth amendment.

The CHAIRMAN. You don't say you do or don't? Is that right?

Mrs. LARNER. This may tend to incriminate me.

The CHAIRMAN. It may tend to incriminate you if you say you do or say you don't; is that correct?

Mrs. LARNER. Yes.

Mr. KENNEDY. Do you know "Jukebox" Smith?

Mrs. LARNER. May I consult?

(The witness conferred with her counsel.)

Mrs. LARNER. I am sorry, gentlemen, I will have to take the fifth amendment again.

Mr. KENNEDY. Do you know where "Red" Waterfall is at the present time?

Mrs. LARNER. Again I take the fifth amendment.

The CHAIRMAN. You don't mean that you take the fifth amendment on whether he is related to you or not, do you?

(The witness conferred with her counsel.)

Mrs. LARNER. I will have to take the fifth amendment.

The CHAIRMAN. Whether he is your husband or not?

Mrs. LARNER. Concerning my relationship with anybody.

The CHAIRMAN. Anybody? You know better than I do whether it might incriminate you to admit he is your husband. If you say it might, we will risk your judgment for the moment. Is that your position.

Mrs. LARNER. In my opinion.

Mr. KENNEDY. Who owns the home that you are living in at the present time?

(The witness conferred with her counsel.)

Mr. BROWN. May we confer, Mr. Counsel?

The CHAIRMAN. Yes, sir.

(The witness conferred with her counsel.)

Mrs. LARNER. I will answer that. My husband and myself and the mortgage company.

The CHAIRMAN. What is the name of the mortgage company?

(The witness conferred with her counsel.)

Mrs. LARNER. I am sorry, I refuse to answer that.

The CHAIRMAN. What is the name of your husband?

(The witness conferred with her counsel.)

Mrs. LARNER. Hy Larner.

The CHAIRMAN. I beg your pardon?

Mrs. LARNER. Hy Larner.

The CHAIRMAN. Is he one and the same fellow as—who is it?

Mr. KENNEDY. "Red" Waterfall.

The CHAIRMAN. "Red" Waterfall? Is that one and the same person?

Mrs. LARNER. I am sorry. Again I take the fifth amendment.

The CHAIRMAN. It is all right as long as we call him by the name of Hy Larner. You don't mind saying he is your husband. But when we call him by the other name, you say it might incriminate you if you acknowledge that, is that correct?

(The witness conferred with her counsel.)

Mrs. LARNER. That is my opinion.

Mr. KENNEDY. How long have you owned the house? Could you tell me that?

Mrs. LARNER. About 4 years. Maybe a little bit more.

Mr. KENNEDY. And how much did the house cost?

Mrs. LARNER. I can't really remember.

Mr. KENNEDY. Your husband handled the transaction did he?

Mrs. LARNER. Yes.

Mr. KENNEDY. Where can we get hold of him now?

Mrs. LARNER. I am sorry. I have to take the fifth amendment on that.

Mr. KENNEDY. When did you last talk to him? Will you tell us that?

Mrs. LARNER. On that, too, I will have to take the fifth amendment on.

The CHAIRMAN. Was it a friendly conversation?

Mrs. LARNER. I hope you wouldn't think I am rude when I say that is personal.

The CHAIRMAN. I wouldn't.

Mr. KENNEDY. We served a subpoena on Mrs. Larner to produce, for the period January 1, 1960 to date—

All copies of income tax returns of Myrtle Larner and Hyman Larner and all records reflecting the business, financial, and commercial dealings of yourself and of Hyman Larner, with yourselves and others, including but not limited to bankbooks, personal telephone and address books, copies of income tax returns, correspondence, bank statements, canceled checks, bank stubs, copies of mortgages, and other memoranda, reflecting your financial, business, and commercial transactions during the above-stated period.

Do you have those records with you?

Mrs. LARNER. I have no records.

Mr. KENNEDY. You don't have any records?

Mrs. LARNER. No.

Mr. KENNEDY. You don't have any personal records?

Mrs. LARNER. No.

Mr. KENNEDY. Do you have a bankbook?

Mrs. LARNER. I don't have anything.

Mr. KENNEDY. Where is your bankbook?

Mrs. LARNER. I don't have one.

Mr. KENNEDY. You don't have a bank?

(The witness conferred with her counsel.)

Mrs. LARNER. This was all issued in Miami Shores.

Mr. KENNEDY. What?

Mrs. LARNER. This subpoena, as it is described, was issued in Miami Shores, served on me in Miami Shores. I have no records in Miami Shores.

Mr. KENNEDY. Well, where are the records, then?

Mrs. LARNER. On that, I, too, will have to take the fifth amendment.

Mr. KENNEDY. You mean you have no records in Miami Shores?

Mrs. LARNER. That is right.

Mr. KENNEDY. Well, then, somebody else has custody of your records. You have records, do you not?

Mrs. LARNER. If any.

Mr. KENNEDY. Excuse me?

Mrs. LARNER. If any.

Mr. KENNEDY. You do have records?

Mrs. LARNER. I have nothing.

Mr. KENNEDY. Did you have records at the time the subpoena was served upon you?

Mrs. LARNER. No, sir.

Mr. KENNEDY. You did not?

Mrs. LARNER. No, sir.

Mr. KENNEDY. You have no records, such as are described here?

Mrs. LARNER. That is right.

Mr. KENNEDY. You have no bank account, for instance?

Mr. BROWN. May I have a word, please?

Mr. KENNEDY. It doesn't matter where the subpoena is served. Or whether she has the records in Chicago or anywhere else, as long as she has custody or control of the records.

Mr. BROWN. What the young lady, I am sure, is trying to tell you is that if she had any records, if any, in other words, they are not in Miami Shores. She is not telling you she has any records. I would not advise her to tell you she has no records, as I told Mr. O'Donnell, one of your investigators, for fear that some one of the men who has been about the house in the last week might find a telephone tap or something which might be included in here.

Then the young lady would be guilty of perjury. I am telling you that to the best of her knowledge, she has none of these records at all.

Mr. KENNEDY. Any place?

Mr. BROWN. Yes. But I don't want her to say it for fear—don't forget, you are asking even for telephone books. Most of these things are joint that you are asking for.

Mr. KENNEDY. With Mr. Larner?

Mr. BROWN. That is what you are asking for, joint accounts, joint telephone books, and joint everything. He might have a joint telephone book.

Mr. KENNEDY. Where could we get in touch with him and ask him?

Mr. BROWN. I just wouldn't be at liberty to say that, I regret.

The CHAIRMAN. Do you represent him?

Mr. BROWN. I represent Mrs. Larner, today.

Mr. KENNEDY. Today?

Mr. BROWN. Yes. And even yesterday.

Mr. KENNEDY. Do you have a home in Chicago also?

(The witness conferred with her counsel.)

Mrs. LARNER. Yes. We have an apartment.

Mr. KENNEDY. Where do you have your apartment in Chicago?

Mrs. LARNER. 3430 Lake Shore Drive.

Mr. BROWN. Five miles north of the Merchandise Mart.

Mr. KENNEDY. Do you have any homes or residences any other place?

Mrs. LARNER. No.

Mr. KENNEDY. You do not. Just in Chicago and Miami, is that right?

Mrs. LARNER. Yes.

Mr. KENNEDY. Mr. Chairman, we are interested in this Local 134 of the IBEW, and the association which Mr. "Red" Waterfall has a financial arrangement in. We asked this witness to come up here in order to try to throw some light on it, but it does not seem that we are getting very far.

The CHAIRMAN. Let me ask you a question: Did you have any of the records that the subpoena calls for in your possession or in your custody or control, either in Florida, Chicago, or anywhere else at the time the subpoena was served upon you?

Mrs. LARNER. No, sir.

The CHAIRMAN. You are stating that under oath?

Mrs. LARNER. Under oath.

The CHAIRMAN. You had no such records in your custody or control at any place at the time the subpoena was served on you?

Mrs. LARNER. Absolutely.

Mr. KENNEDY. She should remain under subpoena, Mr. Chairman.

The CHAIRMAN. You will remain under this subpoena, under recognition to reappear before this committee at any time upon reasonable notice as to the time and place that the committee may desire to hear further testimony from you.

Is that acceptance to counsel?

Mr. BROWN. Yes. I wish you would provide my transportation with it.

The CHAIRMAN. I am sorry. We do not pay lawyer fees here.

With that understanding, the witness is excused for the present.

The committee will stand in recess until 10 o'clock in the morning.

(Whereupon at 4:40 p.m. the committee recessed, to reconvene at 10 a.m. Thursday, February 27, 1958. The following members of the committee were present at the recess: Senators McClellan, Goldwater, Ives and Ervin.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

THURSDAY, FEBRUARY 19, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Homer E. Capehart, Republican, Indiana.

Present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman Willse, investigator; Walter De Vaughan, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Ervin, and Capehart.)

The CHAIRMAN. Call your next witness.

Mr. KENNEDY. Mr. Chairman, we now start a new phase, moving into Chicago, Ill., and the surrounding area of Chicago. The first two witnesses are Mr. Max Brier and Mr. Don Moloney.

The CHAIRMAN. Will you be sworn?

Do you and each of you solemnly swear that evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BRIER. I do.

Mr. MOLONEY. I do.

TESTIMONY OF DONALD J. MOLONEY AND MAX BRIER

The CHAIRMAN. Starting on my left, the witness on my left, will you give your name, your place of residence, and your business or occupation, please.

Mr. BRIER. My name is Max Brier. Home address is 6527 North California Avenue, Chicago, Ill. I am sales manager for the Donan Distributing Co.

The CHAIRMAN. Thank you very much.

Mr. Moloney, will you give your name.

Mr. MOLONEY. My name is Don Moloney, and I live at 412 Pine Manor, in Wilmette, Ill., and I am the owner of Donan Distributing Co.

The CHAIRMAN. Thank you very much.

You gentlemen waive counsel, do you?

Mr. MOLONEY. Yes, sir.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Moloney is president and coowner of the Donan Distributing Co.

Mr. MOLONEY. That is correct.

Mr. KENNEDY. And Mr. Brier is the sales manager; is that right?

Mr. BRIER. Yes, sir.

Mr. KENNEDY. Mr. Moloney, you have been in the coin business, and your father was in the coin business; is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. He owned the Valley Manufacturing Co?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. Which manufactured gaming machines; is that right?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. As a matter of fact, Mr. Chairman, it was a Valley machine that was here the first day of the hearing that we used to demonstrate the pinball operation.

You and your brother started the Donan Distributing Co. in 1952?

Mr. MOLONEY. That is right.

Mr. KENNEDY. And distributed Valley and other amusement machines throughout north Illinois?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. And also operated up until last week, a route of some 120 game machines and some 80 jukeboxes in Chicago; is that right?

Mr. MOLONEY. That is right.

The CHAIRMAN. Why do you say "up to last week"?

Mr. MOLONEY. We just disposed of the juke box route.

Mr. KENNEDY. You got rid of your 80 juke boxes?

Mr. MOLONEY. Some 50 jukeboxes.

Mr. KENNEDY. Now, in 1958 you purchased the jukebox route from the Clover Music Co.; is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Clover was a member of the Recorded Music Service Association, Inc., known as RMSA; is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. That was composed of almost every jukebox operator in Chicago, and the Chicago area?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. And you continued the membership in that association?

Mr. MOLONEY. That is right.

Mr. KENNEDY. That membership requires you to list your locations; is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. And in that way there will be no jumping between the various members; is that right?

Mr. MOLONEY. We assumed that was correct.

Mr. KENNEDY. Now, what if a jukebox operator in the Chicago area wants to change his jukebox, and he thinks he is getting bad servicing or he wants a better jukebox?

Mr. MOLONEY. You mean the location owner?

Mr. KENNEDY. The tavern owner, for instance.

Mr. MOLONEY. Well, the location owner can just tell him to take his jukebox out of the location, but his chances of getting another jukebox from another operator are very slim for at least a waiting period.

Mr. KENNEDY. How long is the waiting period?

Mr. MOLONEY. It can be anywhere between 120 days and 6 months.

Mr. KENNEDY. So if a jukebox operator in that area wants to get rid of his jukebox, he can't get a new jukebox in his tavern or his place of business for at least 120 days, and it can go up to 6 months?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Before anybody else will put a new jukebox in there?

Mr. MOLONEY. That is right.

Mr. KENNEDY. That is an agreement between all of the operators in Chicago and around the Chicago area?

Mr. MOLONEY. I wouldn't say that it was an agreement among the operators. It is just the way it has been done.

Mr. KENNEDY. Now, you pay to this association some 25 cents per machine per month, is that right, or about that?

Mr. MOLONEY. That is about right.

Mr. KENNEDY. About 25 cents?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. And this association has a master contract with Local 134 of the International Brotherhood of Electrical Workers?

Mr. MOLONEY. We assume so, yes.

Mr. KENNEDY. When you purchased the Clover route, were you visited by Fred Thomas Smith?

Mr. MOLONEY. Yes.

Mr. KENNEDY. He is also known as Jukebox Smitty?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. He is a business representative of local 134?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. Will you relate to the committee your conversation with him?

Mr. MOLONEY. Mr. Smith wanted to know why we purchased the jukebox route and wanted us also to know the setup with the RMS.

The CHAIRMAN. What is that?

Mr. MOLONEY. The Recorded Music Service, and with the union. He advised us that it would be to our advantage to join Recorded Music Service to get their monthly issue of jukebox news and also to protect our locations from being approached by other jukebox operators.

The CHAIRMAN. Where did this conversation take place?

Mr. MOLONEY. This all took place in my office.

The CHAIRMAN. How long after you had bought the route before he visited you?

Mr. MOLONEY. I would say it was probably about a month and a half after we bought the route. He told us that he would waive the first 3 months that we owned the route, which was January, February, and March, and he would waive any dues.

The CHAIRMAN. Waive dues to what?

Mr. MOLONEY. For the association dues, which they assess per machine.

The CHAIRMAN. I thought this man represented a labor union.

Mr. MOLONEY. He didn't say he represented a labor union, and he represented Recorded Music Service, and Commercial Phonograph Survey.

Mr. KENNEDY. Just to get it straight, there are three units that are involved here. It is Local 134 of the International Brotherhood of Electrical Workers of which Juke Box Smitty is the business representative, and he is the one that operates in the coin machine and the jukebox field; is that not correct?

Mr. MOLONEY. That is right.

Mr. KENNEDY. In and around the Chicago area?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. In the counties up to Wisconsin and in the whole area there?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. Then, there is also this association that you spoke of, the Recorded Music Service Association.

Mr. MOLONEY. That is right.

Mr. KENNEDY. That is an employer association.

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. Then there is a third group, Mr. Chairman, which is called the Commercial Phonograph Survey Co. That is the Commercial Phonograph Survey Co., and that is a company that is run by Mr. Mike Dale.

We are going to have an index, Mr. Chairman, to maybe help clarify it, and we have it here. Could we have that placed in the record? It was prepared by Mr. Kaplan, or under his direction.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

The CHAIRMAN. Mr. Kaplan, you have been previously sworn?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. You may testify regarding this list.

I hand you here a mimeographed sheet of names and operators of businesses and so forth, and I wish you would examine it and state what it is and if you prepared it and what it represents.

Mr. KAPLAN. This is a list that is entitled, "Names of Interest in the Chicago Hearings," and it is an identification of most of the persons and of the various entities, unions and associations and so forth, that we anticipate will be mentioned, so that they may be readily identified during the course of the testimony.

The CHAIRMAN. Have you checked the list for accuracy?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. It was made up under your supervision?

Mr. KAPLAN. Yes, it was, Senator.

The CHAIRMAN. It will be made exhibit No. 47 for reference only.

(List referred to was marked "Exhibit No. 47" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, this is shortly after you purchased this route, Juke Box Smitty, the union representative, came to see you?

TESTIMONY OF DONALD J. MOLONEY AND MAX BRIER—Resumed

Mr. MOLONEY. That is right.

Mr. KENNEDY. And he said he was disappointed that you had purchased the route without clearing it through him?

Mr. MOLONEY. That is right.

Mr. KENNEDY. That this should have been done through him; is that right?

Mr. MOLONEY. Well, he wished he had heard about it before we had purchased the route from Clover.

Mr. KENNEDY. Then at that time, did he suggest to you, or this is about the jukebox, did he suggest to you that you belong to the union?

Mr. MOLONEY. Yes.

Mr. KENNEDY. And did he also suggest to you that you belong to certain other associations?

Mr. MOLONEY. Yes; the other two previously mentioned.

Mr. KENNEDY. The two employer associations?

Mr. MOLONEY. Yes.

Mr. KENNEDY. Now, what did he say about the employer associations? Relate the conversation that you had with him about joining these various associations.

Mr. MOLONEY. Well, to the best of my knowledge, you have to be a member in order to belong to the union. You had to be a member of the other two associations, or vice versa, and I cannot recall—

Mr. KENNEDY. Perhaps Mr. Brier can fill in the details.

Mr. BRIER. I cannot specifically identify them, but they are all correlated together.

Mr. KENNEDY. Mr. Smith, when he came to you, said that you would have to belong to these two associations; is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. One was run by this Mike Dale?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. Which was the Commercial Phonograph Survey Co., and the other was the RMSA?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. Did you ask him about what these associations were, for instance the Commercial Phonograph Co., and why did he say you had to belong to them?

Mr. MOLONEY. He didn't.

Mr. KENNEDY. Why did he say it was going to be beneficial?

Mr. MOLONEY. In the first place, if a jukebox was stolen from a location, the report would be sent around from RMS or from Commercial Phonograph to all of the other jukebox operators in town, stating the fact that there is a "hot" jukebox on the loose and not to buy it.

Mr. KENNEDY. That was why you would have to belong to this Mike Dale's group?

Mr. MOLONEY. And also a newsletter, a monthly newsletter concerning pertinent legislation involved with our business.

Mr. KENNEDY. Why was a union official out pushing an association of this kind?

Mr. MOLONEY. I wish I knew.

Mr. KENNEDY. But he told you you should belong to them?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. What did he say about their dues? Did he say how much money you have to pay to belong to these associations?

Mr. MOLONEY. Yes; he did. It all boils down to so much per machine, and I cannot remember the exact amount that went to Commercial Phonograph and the exact amount that went to RMS.

Mr. KENNEDY. RMS was 25 cents a machine, and Michael Dale's outfit, the Commercial Phonograph Survey Co., was 90 cents a machine?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Per month?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Now, was there any discussion about making these payments with Juke Box Smitty?

Mr. MOLONEY. The only discussion was to the effect that he would waive the first 3 months, because I didn't want to join at first.

Mr. KENNEDY. He would waive the payments for the association?

Mr. MOLONEY. For the first 3 months that we owed, which would have been January, February, and March of 1958.

Mr. KENNEDY. How could he, a member of the union, waive the payments of the dues for an association?

Mr. MOLONEY. I don't know.

Mr. KENNEDY. Did you ultimately learn that the association and the union are virtually one?

Mr. MOLONEY. Yes.

Mr. KENNEDY. And it is a close collusive arrangement between the two?

Mr. MOLONEY. I suppose so.

The CHAIRMAN. Did you have to join the union also?

Mr. MOLONEY. Yes, sir.

The CHAIRMAN. You had to join all three?

Mr. MOLONEY. That is correct.

The CHAIRMAN. But to be eligible to join the union, you had to belong to the Survey Co., and the Service Association?

Mr. MOLONEY. That is correct, sir.

The CHAIRMAN. That is a prerequisite for you being eligible to join the union?

Mr. MOLONEY. Yes.

The CHAIRMAN. Well, now, you paid 25 cents a machine to Recorded Music Service Association, and 90 cents to the Phonograph Survey Co.?

Mr. MOLONEY. That is right.

The CHAIRMAN. That is on each machine?

Mr. MOLONEY. That is correct.

The CHAIRMAN. What did you have to pay per month to the union?

Mr. MOLONEY. Dues; standard union dues.

The CHAIRMAN. How much were your dues?

Mr. MOLONEY. \$34, or something.

Mr. KENNEDY. Relate to the committee what happened as far as your dues were concerned in the union.

Mr. MOLONEY. Then I was requested to join the union, and they said, "How many men do you have working on the route?" And I said, "Well, I have one man." And he said, "Well, who would you want the card under, your union card?" And I said, "Well, under my serviceman." And he said, "Well, that is a ridiculous thing. You don't know how long you are going to be keeping that serviceman, so let us put it under your name."

Mr. KENNEDY. He didn't want it under the name of the employee because you might be changing the employee?

Mr. MOLONEY. That is right. So instead, he put it under my name.

Mr. KENNEDY. The employer?

Mr. MOLONEY. The employer.

Mr. KENNEDY. Do you have that card?

Mr. MOLONEY. Yes; I do.

Mr. KENNEDY. Can we see it?

(The document was handed to the chairman.)

Mr. KENNEDY. This is a card of the Electrical Workers Local 134, Chicago, made out to Donald J. Moloney. That is the card you received?

Mr. MOLONEY. That is correct. That is probably the second- or third-quarter card. I believe they change your card every quarter.

The CHAIRMAN. This card that I have in my hand I do not believe shows any date, other than the year 1958. Is that correct?

Mr. MOLONEY. I believe on the lefthand side, doesn't it show 3 months?

The CHAIRMAN. I believe you are correct; July, August, and September. So you had to pay dues each 3 months to the union?

Mr. MOLONEY. That is correct.

The CHAIRMAN. Do you remember the amount of dues that you paid, or does that depend upon the number of music boxes you have?

Mr. MOLONEY. No; I believe that was the same amount.

The CHAIRMAN. A flat rate?

Mr. MOLONEY. That is right.

The CHAIRMAN. Do you remember what it was?

Mr. MOLONEY. It seems to me it is about \$34 a quarter.

The CHAIRMAN. \$3 or \$4 a quarter?

Mr. MOLONEY. \$34.

The CHAIRMAN. How much?

Mr. MOLONEY. \$34.

The CHAIRMAN. \$34 a quarter?

Mr. MOLONEY. It seems to me that is what our bills were amounting to.

The CHAIRMAN. Do you mean——

Mr. MOLONEY. Yes. That covered a \$1,000 life insurance policy, I believe, also, and medical.

The CHAIRMAN. \$34 a quarter, though, dues to a union, and that included a \$1,000 life insurance policy?

Mr. MOLONEY. That is right. And medical care, and probably my old-age pension.

The CHAIRMAN. Do you know what it included, sir?

Mr. MOLONEY. No, I don't.

The CHAIRMAN. Actually, you don't know?

Mr. MOLONEY. No.

The CHAIRMAN. You know it cost you \$34 every quarter?

Mr. MOLONEY. That is right.

The CHAIRMAN. Do you have any documentary evidence to show, any receipt, any certificate, any documentary evidence whatsoever that it did include a \$1,000 insurance policy or any other benefits?

Mr. MOLONEY. Yes, I do. I do have that, because I was supposed to take a medical exam for the insurance policy, which I never did.

The CHAIRMAN. Did you get the insurance anyhow? How did that work? Do you know?

Mr. MOLONEY. No. I received about three cards from the Brotherhood of Electrical Workers informing me that I should come down for a medical exam, but it was always inconvenient for me to get down there.

The CHAIRMAN. Not having gone down and gotten your examination, do you know whether you were insured or not?

Mr. MOLONEY. No, I don't.

The CHAIRMAN. You didn't care anything about the insurance anyhow?

Mr. MOLONEY. Not particularly.

The CHAIRMAN. Why were you paying this \$34 every quarter?

Mr. MOLONEY. Well, it was the thing to do, when you own a jukebox route.

The CHAIRMAN. It is just the thing to do?

Mr. MOLONEY. That is right.

The CHAIRMAN. It is safer to operate a business after paying this than it was to try to operate one without paying it?

Mr. MOLONEY. That was my assumption.

The CHAIRMAN. Do you think your assumption was correct from what you know?

Mr. MOLONEY. I wouldn't know differently because I never was a nonmember.

The CHAIRMAN. Are there any further questions about the card, gentlemen?

If not, proceed.

Mr. KENNEDY. You took the money to pay Smith for your union dues out of the petty cash?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. The first payment was \$33 that you made?

The CHAIRMAN. A photostatic copy of this card may be made exhibit 48 and the original card will be returned to you.

Mr. MOLONEY. That is all right.

The CHAIRMAN. You do not need it any more?

Mr. MOLONEY. No.

The CHAIRMAN. The original card, then, may be made exhibit No. 48.

(Card referred to was marked "Exhibit No. 48" for reference and will be found in the appendix on p. 17205.)

The CHAIRMAN. Now I hand to you what is a memorandum entitled "Petty Cash." It is dated March 17, 1958.

I ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. MOLONEY. Yes.

The CHAIRMAN. What is it?

Mr. MOLONEY. It is a petty cash slip for \$33.55 for the International Brotherhood of Electrical Workers, and it says, "Dues for April, May, and June," and it was signed "Tom Smith."

The CHAIRMAN. Is that—

Mr. MOLONEY. That is one of our petty cash slips.

The CHAIRMAN. Is that Jukebox Smitty you were talking about?

Mr. MOLONEY. That is correct.

The CHAIRMAN. And while you spoke a while ago in round numbers, or you were interrogated in round numbers, about \$34 a quarter, what you actually paid was—

Mr. MOLONEY. \$33.55.

The CHAIRMAN. \$33.55. All right.

That may be made exhibit No. 48-A.

(Document referred to was marked "Exhibit No. 48-A" for reference and will be found in the appendix on p. 17206.)

Mr. KENNEDY. Going to the specific associations, the Commercial Phonograph Survey Co., which will play a very important role during the course of the hearings was the outfit of Michael Dale.

Did you make any payments then to him or to the CPS?

Mr. MOLONEY. No; at that time I don't believe we did. I believe we were sent a contract which, in turn, I signed and mailed back to them. I must have received a bill from Commercial Phonograph, because I did not pay anything at that time.

Mr. KENNEDY. Did you pay subsequently?

Mr. MOLONEY. Yes.

Mr. KENNEDY. Was there any question about the fact that you were going to be charged for your 100 machines?

Mr. MOLONEY. No; because Smith made the statement to me that he would waive at least 50 of the machines and we would only have to report 50 machines.

Mr. KENNEDY. Is that what you did?

Mr. MOLONEY. That is what we did.

Mr. KENNEDY. Did they ever send you a bill for 100 machines or did they ever try to collect for the whole 100?

Mr. MOLONEY. I don't believe so.

Mr. KENNEDY. You just sent the money for the 50.

Mr. MOLONEY. I believe so.

Mr. KENNEDY. That amounts to \$135 a quarter; is that correct? That is 90 cents a machine.

Well, I think that the bills show that you were originally billed for 100 units. You must have complained.

Mr. MOLONEY. I complained about that and sent it back. I said we had had an agreement with Smith that we were only going to be billed for 50 machines.

Do you have our check there?

Mr. KENNEDY. Yes; it shows you were ultimately charged for 50 machines at \$135 a quarter.

Did he perform any services for you, this company?

Mr. MOLONEY. Smith?

Mr. KENNEDY. No. Michael Dale.

Mr. MOLONEY. Other than the reports on stolen jukeboxes.

Mr. KENNEDY. Was that worth \$135 a quarter?

Mr. MOLONEY. Is it worth that?

Mr. KENNEDY. Yes.

Mr. MOLONEY. No.

Mr. KENNEDY. It was just a shakedown, was it not?

Mr. MOLONEY. I don't know what you would call it.

Mr. KENNEDY. Wouldn't you label it a shakedown? A union official comes along and tells you you are going to have to belong to this association, pay 90 cents per machine, and you receive no services from it? What else is it?

Mr. MOLONEY. Well, it is a standard practice in the industry.

Mr. KENNEDY. Then it is a standard shakedown in the industry; is it not?

Mr. MOLONEY. It could be.

Mr. KENNEDY. Would you describe it as such?

Mr. MOLONEY. Well, I guess I felt like I was being the victim of a shakedown.

Mr. KENNEDY. Then as far as the association, the RMSA you paid them 25 cents per machine, which amounted to some \$75, is that right, per quarter?

Mr. MOLONEY. Yes.

Mr. KENNEDY. So you are out about \$250 before you got started, and you got nothing out of it.

Mr. MOLONEY. Absolutely nothing.

Mr. KENNEDY. And everybody in Chicago, in the Chicago area, has to do the same thing in order to stay in business?

Mr. MOLONEY. Well, I can't answer that. I believe there are probably jukebox operators in Chicago that do not belong to the association.

Mr. KENNEDY. Well, the ones that you know, and the ones that you are familiar with, all have to follow this procedure?

Mr. MOLONEY. They usually do.

Mr. KENNEDY. Do you know any that do not?

Mr. MOLONEY. No, I can't name any.

The CHAIRMAN. Let me check with you on something.

You paid on 50 machines; is that correct?

Mr. MOLONEY. That is correct, sir.

The CHAIRMAN. In addition to paying your dues to the local union of \$33.55 each quarter, which made a total of \$134.20 annually in dues?

Mr. KENNEDY. Not annually.

Mr. MOLONEY. That is correct.

The CHAIRMAN. Four times \$33.55 makes \$134.20 that you paid annually in dues?

Mr. MOLONEY. That is right.

The CHAIRMAN. That is just for one member, one person, one card; is that right?

Mr. MOLONEY. That is right.

The CHAIRMAN. Then you paid on 50 machines; is that correct?

Mr. MOLONEY. That is correct.

The CHAIRMAN. To the Commercial Phonograph Supply Co.—

Mr. MOLONEY. Commercial Phonograph Survey.

The CHAIRMAN. You paid 90 cents a machine per month?

Mr. MOLONEY. That is right.

The CHAIRMAN. And to the Recorded Music Service Association you paid 25 cents per month?

Mr. MOLONEY. That is right.

The CHAIRMAN. That makes \$1.15 per month you paid on 50 machines; is that correct?

Mr. MOLONEY. That is correct.

The CHAIRMAN. Then for 12 months you would pay \$13.80 on each machine?

Mr. MOLONEY. I assume your figures are correct.

The CHAIRMAN. I am quite confident they are, but they can be checked. Then for 50 machines, at \$13.80 a year, that amounts to \$690 per year for 50 machines. That, plus \$134.20 dues, makes a total of \$825.20 per year that one operator had to pay on 50 machines to be in business.

Mr. MOLONEY. This operator.

The CHAIRMAN. Sir?

Mr. MOLONEY. This operator.

The CHAIRMAN. One operator, and that is you.

Mr. MOLONEY. That is right.

The CHAIRMAN. You say from it you got no benefit except possibly you had a \$1,000 insurance policy, and you are not sure you had that.

Mr. MOLONEY. That is right.

Mr. KENNEDY. The chief counsel hates to disagree with the mathematics of the chairman, but I find that without the dues it is \$840.

The CHAIRMAN. What did I have?

Mr. KENNEDY. You had \$690.

The CHAIRMAN. Well, all right. Let somebody who is an accountant, an expert, audit our calculations, and the correct figures will be inserted in the record at this point.

(The figures to be furnished are as follows:)

Six hundred and ninety dollars yearly payment to Commercial Phonograph Survey and Service Corp. and also Recorded Music Service Association, \$134.20 annual payments to the union.

Senator ERVIN. What service did you expect from the union in return for your membership, outside of the insurance policy?

Mr. MOLONEY. Well, I anticipated that no one was going to come in and, in our industry, we call it bump our machine out of a location, which means some operator coming in and putting his jukebox on top of ours. That is what we assumed.

Senator ERVIN. Put the jukebox on top of yours?

Mr. MOLONEY. Yes. In other words, throw ours out in the alley and put his in. In other words, there was no competition once you are a member of the union.

Senator ERVIN. So that was the reason you joined the union. In other words, you weren't concerned about the policy of insurance?

Mr. MOLONEY. Absolutely not.

Senator ERVIN. Your motive in joining the union and paying the union initiation fees and dues was merely to keep the union members from doing injury to your machines?

Mr. MOLONEY. Well, not exactly injury. I just didn't want to lose the location that I had. That is the way to insure my jukebox staying in that tavern or restaurant.

Senator ERVIN. From whom did you acquire permission to locate your machines at given points?

Mr. MOLONEY. When I bought my route they were already located.

Senator ERVIN. Well, they were located with the consent of the owners or lessees of the property where they were placed, weren't they?

Mr. MOLONEY. That is right.

Senator ERVIN. And the union was not the owner or the lessee of such property?

Mr. MOLONEY. That is right.

Senator ERVIN. So the truth of it is this: What you were doing was merely paying the union to keep the union from interfering in your business.

Mr. MOLONEY. That is one way of putting it; yes.

Senator ERVIN. Is there any other honest, straightforward way to put it?

Mr. MOLONEY. No; really there isn't.

Senator ERVIN. That is all.

Mr. KENNEDY. You had to clear through the association when you moved into a location; is that right?

Mr. MOLONEY. That is right. Before we moved in.

Mr. KENNEDY. Here is the slip.

As far as the mathematics of the chairman and the chief counsel, evidently you had to pay for the 100 machines in the RMSA. You only got the deal on Michael Dale's outfit. That is what the records show.

Mr. MOLONEY. I see.

Mr. KENNEDY. So for the 100 machines, it is the larger figure, and for the 50 machines it is the smaller figure.

Senator CAPEHART. Mr. Chairman——

The CHAIRMAN. Senator Capehart?

Senator CAPEHART. The purpose of these hearings is to determine the necessity of passing new laws with respect to labor-management relations. Isn't it a fact that what has happened in this instance in Chicago, New York, and many other places, is that the operators or the owners of these coin machines have joined up with the union in a sort of conspiracy or sort of an arrangement whereby they will limit the business or the production?

Is not the difference here between the relationship between you as an operator and the union different than the relationship between a manufacturer or an employer and his union members in that in this instance the union agrees to help you secure business and to hold your business and, therefore, there is sort of a connivance between the owners of the machines or the operators and the union?

Now, my question, if that is a true statement, is: What should we do? What should the Federal Government do? What should be done in order to eliminate that kind of a situation?

Do you have any suggestions or ideas?

Mr. MOLONEY. Well, I am not a legislative man. I have no background in legislation. All I can say is I do think the labor union laws could use a housecleaning.

Senator CAPEHART. You agree that this relationship that exists between the phonograph operators, the jukebox operators, of which

you were one, and the union has gone far beyond unions representing just your employees?

Mr. MOLONEY. That is correct. It is not a union as I know a union should be.

Senator CAPEHART. It is not a union as you know it. My question is: How can we, by legislation, eliminate that situation?

No. 1, you do not think it is a good thing, do you?

Mr. MOLONEY. No, I don't.

Senator CAPEHART. You think it is a bad thing?

Mr. MOLONEY. Yes. It has only done harm to our industry.

Senator CAPEHART. Have you any suggestions on what we might do; what legislation we might pass?

Mr. MOLONEY. I am sorry, sir; I do not.

Senator CAPEHART. I think it is clear cut, crystal clear, in 2 or 3 days' hearing, that what is happening is that the owners themselves and the unions are controlling the industry. Is it not a fact that the only reason you belong to the union or went into this thing was to get a business advantage over owners of jukeboxes who are not members of the union, a business advantage, not an advantage for your employees?

Mr. MOLONEY. No. Actually, they are unwanted partners and that is the way I felt when we bought the route.

Senator CAPEHART. What was that?

Mr. MOLONEY. They made themselves partners in a sense, unwanted. We didn't want them.

Senator CAPEHART. That is right; they became partners of you. So we have a situation here, do we not, where the union and the owners are one and the same, and they are using the powers of both to stifle competition?

Mr. MOLONEY. That is right.

Senator CAPEHART. That is what it amounts to in a nutshell?

Mr. MOLONEY. That is right.

Senator CAPEHART. And you haven't any suggestions as to what we ought to do?

Mr. MOLONEY. Not at the present time I couldn't think of anything.

Senator ERVIN. In other words, a situation exists or was existent under which you and other men who desired to make an honest livelihood felt that it was necessary to pay tribute to a union in order that you might be allowed to pursue an honest livelihood without being molested?

Mr. MOLONEY. That is right.

Senator ERVIN. And which is a very scandalous condition to exist in a country where we are supposed to have free men and women.

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. You also had this jukebox operation, did you not? I mean the amusement game operation?

Mr. MOLONEY. That is right.

Mr. KENNEDY. And the association that existed with the amusement pinballs was the Chicago Independent Amusement Association?

Mr. MOLONEY. Right.

Mr. KENNEDY. CIAA; is that right?

Mr. MOLONEY. Right.

Mr. KENNEDY. What was the situation as far as your joining the CIAA?

Mr. MOLONEY. When we joined the CIAA, it was a business association for the operators in the coin machine business in Chicago. It was a common trade association as you probably have in any other business in any city.

There were monthly get-togethers, dinners, discussions, and the like.

Mr. KENNEDY. Did that subsequently change?

Mr. MOLONEY. It didn't change. It took on a partner.

Mr. KENNEDY. They had to take a partner on also?

Mr. MOLONEY. That is right.

Mr. KENNEDY. When did they take their partner on, approximately—1957 or so?

Mr. MOLONEY. Somewhere in there; yes, sir.

Mr. KENNEDY. Who was their partner?

Mr. MOLONEY. Local 134 of the International Brotherhood of Electrical Workers.

Mr. KENNEDY. Juke Box Smitty was back again?

Mr. MOLONEY. I don't know. I never heard his name mentioned in connection with this.

Mr. KENNEDY. But it was the same union?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. Were you urged to join the association; the CIAA?

Mr. MOLONEY. Well, most of our customers and competitors were joining and were recommending that we join, not forcing us but just making the suggestion that it might be advisable if we joined; that all the operators had and we were one of the last ones to come into the fold.

Mr. KENNEDY. Then did you agree, ultimately, to join?

Mr. MOLONEY. Ultimately, we did agree to join.

Mr. KENNEDY. You were reluctant to do so?

Mr. MOLONEY. Yes.

Mr. KENNEDY. For what reason?

Mr. MOLONEY. I couldn't see any benefit that would come from it.

Mr. KENNEDY. Had they by that time made a master agreement with local 134?

Mr. MOLONEY. We don't know. We assume they did.

Mr. KENNEDY. What was the union supposed to do for the association?

Mr. MOLONEY. Again, it is the same situation we have in the juke-box business in Chicago. They were going to protect us or protect our locations from being taken over by another operator.

Senator ERVIN. They were going to protect you against themselves. That is the long and short of it, isn't it?

Mr. MOLONEY. They were going to protect us against ourselves.

Senator ERVIN. If you paid the tribute. That is what you understood in plain English, wasn't it?

Mr. MOLONEY. Protect one operator from the other operator, really, is what we were paying for.

Mr. KENNEDY. Were you urged, for instance, to join, by Charles Johnson?

Mr. MOLONEY. I wasn't urged, but we did discuss the matter and he thought it was a good idea. I discussed it with several other operators and distributors in Chicago at that time.

Mr. KENNEDY. Johnson is president of the Globe Distributing Co.?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Which is owned by Dutch Vogel?

Mr. MOLONEY. I don't know who owns it.

Mr. KENNEDY. Did you ever see the contract that was signed between the CIAA and local 134?

Mr. MOLONEY. No, I did not.

Mr. KENNEDY. Did you ever get any labels from local 134 to place on your machines?

Mr. MOLONEY. We got—we received union labels of local 134, but we received them from the CIAA office.

Mr. KENNEDY. The association sent out the union labels?

Mr. MOLONEY. That is right.

Mr. KENNEDY. They furnished the union labels?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Do you know what the reason was for that?

Mr. MOLONEY. No.

Mr. KENNEDY. Did you pay for the union labels?

Mr. MOLONEY. Yes, we did.

Mr. KENNEDY. Did you pay the union? To whom was the money sent?

Mr. MOLONEY. CIAA.

Mr. KENNEDY. You paid the association for the union labels?

Mr. MOLONEY. Yes.

Mr. KENNEDY. And then they furnished them to you?

Mr. MOLONEY. That is right.

Mr. KENNEDY. It was a very, very close relationship.

Mr. MOLONEY. It must have been.

Mr. KENNEDY. How much were those labels?

Mr. MOLONEY. They started out at 50 cents a month per machine, and eventually it was \$1 a month per machine.

Mr. KENNEDY. Or \$12 a year per machine?

Mr. MOLONEY. That is right.

Mr. KENNEDY. How many machines did you have?

Mr. MOLONEY. I believe we had over 100 machines, but we only registered about—

Mr. KENNEDY. These are pineball machines?

Mr. MOLONEY. About 50 or 75.

Mr. BRIER. They are not pinball machines.

Mr. MOLONEY. They are not pinball machines. But we bought about 75 union labels, I believe.

Mr. KENNEDY.. These are game machines?

Mr. MOLONEY. These are shuffle games, bowling alleys.

Mr. KENNEDY. Not pinballs?

Mr. MOLONEY. No pinball machines; not in Chicago.

Mr. KENNEDY. You had about 100 machines, but you purchased labels for about 75?

Mr. MOLONEY. That is right.

Mr. KENNEDY. That is about \$900 a year?

Mr. MOLONEY. I assume your mathematics are correct, too.

The CHAIRMAN. I hand you here what purports to be labels for the machines. Will you examine them and state if you identify them?

(The documents were handed to the witness.)

Mr. MOLONEY. Yes. Those are the union labels.

The CHAIRMAN. The kind that you had to purchase?

Mr. MOLONEY. That is right; from the CIAA.

The CHAIRMAN. They may be made exhibit No. 49.

(Labels referred to were marked "Exhibit No. 49" for reference and will be found in the appendix on p. 17207.)

Mr. KENNEDY. This was just another form of tribute that you had to pay?

Mr. MOLONEY. Protection.

Mr. KENNEDY. Protection.

When some of your labels become defective, who did you get in touch with to get new union labels?

Mr. MOLONEY. The association office.

The CHAIRMAN. I had you here what purports to be a copy of the letter signed by Mr. Brier, dated January 20, 1958, addressed to the Chicago Independent Amusement Association. I present it to you, Mr. Brier, and ask you to examine it and state if you identify it as a carbon copy of the original letter.

(The document was handed to the witness.)

Mr. BRIER. That is a carbon copy of the original letter.

The CHAIRMAN. It may be made exhibit No. 50.

(Letter referred to was marked "Exhibit No. 50," for reference and will be found in the appendix on p. 17208.)

Mr. KENNEDY. May I read it, Mr. Chairman?

The CHAIRMAN. All right.

Mr. KENNEDY (reading) :

CHICAGO INDEPENDENT AMUSEMENT ASSOCIATION,
January 20, 1958.

GENTLEMEN: This letter is to inform you that Nos. 993 and 997 of the union identification cards were defective. Therefore, we are returning same to you for replacements.

Thank you for your attention in this matter.

They were investigated, were they, the CIAA?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. That is, with their relationship with the union?

Mr. MOLONEY. Yes.

Mr. KENNEDY. For a while they remained dormant or were not as active as they had been; is that correct?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. Did they ultimately write you a letter in March 1958 that they were back in business?

Mr. MOLONEY. Well, they didn't so state that they were back in business. The letter read that they had never gone out of business.

The CHAIRMAN. In other words, they were restoring the service; that is what it amounted to?

Mr. MOLONEY. That is right. They were sending us a bill for dues.

The CHAIRMAN. I hand you here a document entitled "Statement," although it is somewhat in the nature of a letter. It is a statement on 40 machines, \$120, for April, May, and June. It is addressed to Donan Distributing Co. It does not show who it is from except on the envelope.

I wish you would examine both the statement and the envelope and see if you identify them.

(The documents were handed to the witness.)

Mr. MOLONEY. Yes; that is the statement we received from the CIAA office for our April, May, and June dues.

The CHAIRMAN. With the notation thereon, the communication on it?

Mr. MOLONEY. Do you want me to read it?

The CHAIRMAN. I asked if that communication was on it when you received it?

Mr. MOLONEY. Yes; it was.

The CHAIRMAN. Was it received in the envelope attached?

Mr. MALONEY. Yes.

The CHAIRMAN. The letter, the statement, and the envelope may be made exhibit No. 51.

(Documents referred to were marked "Exhibit No. 51" for reference and will be found in the appendix on p. 17209.)

Mr. KENNEDY. Can I read it, Mr. Chairman?

The CHAIRMAN. Yes.

Mr. KENNEDY. To the Donan Distributing Co., from the Chicago Amusement Association. It says:

Enclosed you will find your bill for current dues. There has been some interruption in our office service because of unfounded investigations. However, your association is now providing the same service as heretofore. All members should display on their machines the stamps which will be provided by local 134.

Then it has a note at the bottom:

Office open as usual. Phone DE 7-4338.

This was after they began an investigation in Chicago and nothing came of the investigation, and they started to be active again?

Mr. MOLONEY. That is right.

Mr. KENNEDY. This is a rather interesting letter, Mr. Chairman, because the contents show that they have rather poor mathematics.

The CHAIRMAN. I present to you what purports to be another statement. I will ask you to examine it and state if you identify it.

(The document was handed to the witness.)

Mr. MOLONEY. That is the last statement we received from the Independent Amusement Association. As the statement reads, this is the bill for the fifth quarter.

The CHAIRMAN. The fifth quarter?

Mr. MOLONEY. Yes.

Mr. KENNEDY. Would you read the rest of it and see what is going to happen to you if you don't—

Mr. MOLONEY (reading):

If more labels are needed, send check to cover. Note: Unless fifth quarter labels are on by the 15th of January, locations will be declared open.

The CHAIRMAN. I have heard of fifth wheels, but not of fifth quarters.

Mr. KENNEDY. What do you mean by stating that the locations would be declared open?

Mr. MOLONEY. Well, that is a colloquialism in our business. It means that if anybody would like to move their coin machine equipment into that location and knock ours out, they have every right to do it if they want to.

Mr. KENNEDY. That is, if you don't get your dues paid?

Mr. MOLONEY. That is right.

The CHAIRMAN. I have not found out just what service this particular association gave.

Mr. KENNEDY. This, Mr. Chairman, is the association collecting money for the distribution of the union stickers.

The CHAIRMAN. The union labels?

Mr. KENNEDY. Yes. And if they don't get the union sticker, then the location is declared open and anybody can come in and take it.

Is that right?

Mr. MOLONEY. That is right.

Mr. KENNEDY. So this arrangement between the association and the union was to protect your location?

The CHAIRMAN. Do you know how they split this money? They got \$1 per machine per month. Do you know how they split it?

Mr. MOLONEY. No, I don't.

Senator ERVIN. They furnished you the sticker?

Mr. MOLONEY. Yes.

Senator ERVIN. You had to do the licking to put it on yourself?

Mr. MOLONEY. We had to do our own licking.

Senator ERVIN. That was the only thing they furnished you, the sticker, plus the implied agreement, and plus furnishing you a bill, even for five quarters in 1 year for what you paid them? In other words, they furnished you the implied protection that they would not take away your place of business, which didn't belong to them, provided you would pay these bills as submitted to you.

The CHAIRMAN. This last bill that the witness identified may be made exhibit No. 52.

(Document referred to was marked "Exhibit No. 52" for reference and will be found in the appendix on p. 17210.)

Mr. KENNEDY. Was there any violence in connection with any of these machines in the Chicago area?

Mr. MOLONEY. We had acid poured on two machines of ours in a location.

Mr. KENNEDY. Do you know what the reason was for that?

Mr. MOLONEY. I haven't the slightest idea.

Mr. KENNEDY. One of them had no sticker and the other one had a sticker?

Mr. MOLONEY. That is correct.

Mr. KENNEDY. Do you think somebody got confused and poured acid on the wrong machine?

Mr. MOLONEY. That could be possible.

Mr. KENNEDY. You never got an explanation for it?

Mr. MOLONEY. No, I didn't.

Mr. KENNEDY. Did you personally have any difficulties or troubles?

Mr. MOLONEY. Yes, I did.

Mr. KENNEDY. Would you relate that to the committee?

Mr. MOLONEY. I can't absolutely be sure that this had any connection to what we are talking about, but I was driving in my garage one evening—

Mr. KENNEDY. This was in the fall of 1957?

Mr. MOLONEY. In the fall of 1957. I was just about to get out of my car when a car pulled up behind me in the driveway and two men jumped out. One ran over, opening my door, and put a gun in my ribs and pushed my face down into the seat and made the statement that if I didn't get out of the distributing business I would be killed.

With that they drove away. About a month later I received another phone call from them that if I loved my family, I better get out of the

distributing business, or some harm would befall them, also. That was the last I heard from them.

Mr. KENNEDY. Were you ever able to identify them?

Mr. MOLONEY. I was able to identify one of the men; yes.

Mr. KENNEDY. Who was that?

Mr. MOLONEY. His name was Rini.

Mr. KENNEDY. James Rini?

Mr. MOLONEY. That is right.

Mr. KENNEDY. He is now in prison, is he not?

Mr. MOLONEY. Yes, I believe so.

Mr. KENNEDY. In connection with violence to other machines?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Destroying other coin machines in the Chicago area?

Mr. MOLONEY. That is right.

Mr. KENNEDY. He was arrested in connection with that and ultimately convicted in connection with that?

Mr. MOLONEY. Yes. I don't believe he was convicted of that. I think he was convicted of burglary. I don't think it had any reference to the coin-machine industry.

Mr. KENNEDY. I believe both. He was convicted of burglary and also malicious destruction of these machines in the Chicago area.

Mr. MOLONEY. I see.

Mr. KENNEDY. He told you to get out of the distributing business?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Have you found that there are men of what we may call the syndicate or gangsters in the operation in Chicago and outside of the Chicago area?

Mr. MOLONEY. If they are, it is a very small percentage, because we do business with, I would say, all the people in the coin-machine industry in northern Illinois, and we must have over 360 on our mailing list, independent operators with no hoodlum connections that we know of.

Mr. KENNEDY. Have you found that some of the more powerful or more effective distributors have been people who have connections with the underworld?

Mr. MOLONEY. I wouldn't know.

Mr. KENNEDY. What happened, for instance, in that connection with Ralph Kelly? Do you know him?

Mr. MOLONEY. Yes, I do.

Mr. KENNEDY. Was he a distributor for you?

Mr. MOLONEY. He was a customer of mine. He was a coin-machine operator.

Mr. KENNEDY. Did anything happen to him in connection with the underworld moving in and taking over the control?

Mr. MOLONEY. I don't know who moved in, but somebody did make themselves a partner of Mr. Kelly, which he informed us of later.

Mr. KENNEDY. What did he tell you? Did he say that they had tried to move in on him?

Mr. MOLONEY. That is right.

Mr. KENNEDY. Would you relate to the committee what he told you?

Mr. MOLONEY. He said he wasn't too happy in taking on a partner and would rather sell them his entire business and get out of it than take on a partner.

But in turn, it ended up that he had a partner and was running the business.

Mr. KENNEDY. Who was coming in as his partner?

Mr. MOLONEY. I don't know their names.

Mr. KENNEDY. But what were their backgrounds, or how did he describe these people to you?

Mr. MOLONEY. Just musclemen, I guess, he termed it that way. He didn't say they were hoodlums or he didn't say they had any connection or tieup with anyone in particular.

Mr. KENNEDY. But they were musclemen?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. And they declared themselves in as partners in his business?

Mr. MOLONEY. I believe that is right.

The CHAIRMAN. It is cheaper to get in that way than to buy out the business, is it not?

Mr. MOLONEY. I would think so.

Mr. KENNEDY. Did he also tell you that he didn't want to even stay in the business with them?

Mr. MOLONEY. At one time he did say that, yes, sir.

Mr. KENNEDY. What did he say then?

Mr. MOLONEY. He said, "I would rather get out completely."

Mr. KENNEDY. And they wouldn't let him get out of the business?

Mr. MOLONEY. No.

Mr. KENNEDY. They made him stay in as a partner?

Mr. MOLONEY. Because he was the only one who knew how to run the route.

Mr. KENNEDY. So you have had at least three experiences that you know of. You had acid thrown on your machines; you have had a gun stuck in your ribs and have been told you were going to be killed, and some musclemen moved in and took over at least half of the business of one of the operators.

Mr. MOLONEY. That is right.

Mr. KENNEDY. Did you have any experience back in 1953 with a man by the name of Cantazzaro? C-a-n-t-a-z-z-a-r-o.

Mr. MOLONEY. That is right. And he came up from Gary, Ind., to unionize the coin machine operators in Chicago, and he came to our office asking our opinion of what we thought of it, and I told him I couldn't make any decision for the operators in Chicago, that was entirely up to them whether they wanted a union in Chicago or not.

Mr. KENNEDY. Who accompanied him?

Mr. MOLONEY. He was alone when he came to our office.

Mr. KENNEDY. Did he have John Testo assisting him?

Mr. MOLONEY. I wouldn't know.

Mr. KENNEDY. Did you know about John Testo?

Mr. MOLONEY. No, I didn't.

Mr. KENNEDY. Was this successful?

Mr. MOLONEY. No, it was not.

Mr. KENNEDY. He just stayed up for a couple of months; is that right?

Mr. MOLONEY. Yes, sir.

Mr. KENNEDY. They were run out of town?

Mr. MOLONEY. They just didn't know how to handle it and they just left town.

Mr. KENNEDY. Were they offering protection to the industry?

Mr. MOLONEY. In a sense, that is what they were doing.

The CHAIRMAN. I hand you a photostatic copy of a check dated August 18, 1952, in the amount of \$500, payable to Thomas Smith, drawn on the account of Coven Distributing Co., and I will ask you to examine it and state if you identify it and what you know about the check.

(Document was handed to the witnesses.)

Mr. BRIER. Well, that is a copy of a check that was made out to Mr. Thomas Smith. That is, I assume, it is a true copy.

The reason for this payment, I don't know, but I can see that it was given to Mr. Smith. It might possibly have been to help stimulate the sale of Wurlitzer phonographs, and I don't know.

Mr. KENNEDY. Why would this company be paying the union official \$500?

Mr. BRIER. I don't know why they would be paying him \$500 for it, but this gentleman actually has contact with every operator in the city of Chicago.

Mr. KENNEDY. You mean Juke Box Smitty?

Mr. BRIER. Yes, sir.

Mr. KENNEDY. Was he getting money from all of the operators?

Mr. BRIER. I don't know.

Mr. KENNEDY. Was it a shakedown?

Mr. BRIER. I wasn't there at the time.

Mr. KENNEDY. Was it related to you what the money was for?

Mr. BRIER. No.

Mr. KENNEDY. You never discussed it?

Mr. BRIER. I never had any indication as to what the money was for.

Mr. KENNEDY. You were manager at the time, were you not?

Mr. BRIER. Yes, but I was not in on the transaction, let us say.

The CHAIRMAN. Wouldn't you want to know what the transaction was about if you were the manager?

Mr. BRIER. The employer was the one to make the decisions, and I was left out.

The CHAIRMAN. You were manager, but you know it was paid, but you didn't know why, and you felt like you should not interrogate the operator; that was his decision to make?

Mr. BRIER. That is right. And it wasn't up to me to question my employer's reason for issuing checks.

Mr. KENNEDY. Do you know how it was set up in the books?

Mr. BRIER. I haven't the slightest idea.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions of these witnesses?

All right, gentlemen. Thank you very much.

The check will be made exhibit No. 53.

(Check referred to was marked "Exhibit No. 53" for reference and will be found in the appendix on p. 17211.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Bernard Poss.

The CHAIRMAN. Mr. POSS, will you come around, please?

Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. POSS. I do.

TESTIMONY OF BERNARD POSS

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. POSS. My name is Bernard Poss, and I live at 503 South Fourth Street, Aurora, Ill.

The CHAIRMAN. What is your business or occupation, please?

Mr. POSS. I am secretary-treasurer of Valley Music Co., Inc.

The CHAIRMAN. You are also second vice president of Music Operators of Northern Illinois, Inc.?

Mr. POSS. I guess I am still; I don't know. I haven't been to a meeting for over a year, so I don't know.

The CHAIRMAN. When last heard of you were; is that right?

Mr. POSS. Yes.

The CHAIRMAN. All right. Do you waive counsel?

Mr. POSS. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You have been in the jukebox business since 1947; is that right?

Mr. POSS. Yes; that is correct.

Mr. KENNEDY. Now, shortly before—how big a route did you have?

Mr. POSS. I have approximately the same sized route as I started with—that I originally purchased.

Mr. KENNEDY. How big is that?

Mr. POSS. Approximately 207, or it varies, you know; it picks up, but it stays in that neighborhood.

Mr. KENNEDY. In what area?

Mr. POSS. Aurora and surrounding area, 35 to 40 miles outside of Chicago.

The CHAIRMAN. It is 200 and something means boxes or units?

Mr. POSS. Yes, sir.

The CHAIRMAN. Or does it mean locations?

Mr. POSS. Locations.

The CHAIRMAN. In other words, you have your equipment in over 200 locations?

Mr. POSS. That is correct.

Mr. KENNEDY. Now, shortly before Labor Day of 1956, were you visited by certain individuals?

Mr. POSS. Yes, sir.

Mr. KENNEDY. In connection with your business?

Mr. POSS. Yes, sir.

Mr. KENNEDY. Would you relate to the committee what happened, Mr. POSS?

Mr. POSS. Well, I had a visit by a man who called himself Rocky Martell, and he wanted me to help him put some tickets into some of the locations, where I had my equipment and I refused to do it.

Mr. KENNEDY. What kind of tickets?

Mr. POSS. They were some tickets that you pull on them and if you get like a royal flush you could pull more, and there is more than five pulls, but you have to pull five.

Mr. KENNEDY. They are gambling tickets?

Mr. POSS. I would say so; yes, sir.

Mr. KENNEDY. They are games of some kind?

Mr. POSS. It was a ticket.

Mr. KENNEDY. It was a gambling kind of operation, that was the point of it?

Mr. POSS. Yes, sir.

Mr. KENNEDY. He wanted you to take those?

Mr. POSS. He wanted me to go with him and put them out, and he told me he was with somebody else from St. Charles, and I didn't know who he was and he didn't tell me that he had any affiliations with any racketeers or anything at that time.

Mr. KENNEDY. He identified himself as Rocky Pranno, P-r-a-n-n-o?

Mr. POSS. No, he didn't.

Mr. KENNEDY. He didn't identify himself at all?

Mr. POSS. He identified himself as Rocky Martell, M-a-r-t-e-l-l.

Mr. KENNEDY. Did you ultimately learn that Rocky Pranno and Rocky Martell were one and the same?

Mr. POSS. After he was arrested and fingerprinted and it came out in the paper that his name was Rocky Pranno.

Mr. KENNEDY. Did he come back and see you again after that?

Mr. POSS. He came back on three occasions; the third time—it was either the second or third time, and I believe the third, and it is quite a while ago—and he said that the boss wanted to see me, and he told me that they had taken in all of the other operators in our area and I was the only one left and the boss wanted to see me and I was tired of his visits and I consented to go and see his boss.

Mr. KENNEDY. Would you relate what you did there when you saw his boss and where you saw him?

Mr. POSS. I asked him where his boss was, and he said he had an office over in DuPage County, and I got in, or I took my car because I had a customer that I wanted to see at Downers Grove, and so I drove over as far as that neighborhood and left it in a parking lot at the Moose Lodge and I got in his car, and he drove to what is known as the Lilac Lodge.

We went in and he asked me if I would take a drink, and I said yes, and so I took a drink, and no one was in at the bar at all, and the bar was empty except for the bartender, and he went into the other room and he excused himself. He went in the other room and he came out and he said, "That's funny, they are not here."

So we drank our drinks, and we went out to his car and after we sat there a few minutes I said, "Let's go." I sensed something was wrong.

While I am talking to him, three men came up to the car and I opened the car to get out, and the man in the middle said, "Never mind; stay in there."

And they proceeded to get into the back seat—and it was a two-door sedan.

The man in the middle said, "Drive."

With that Rocky Pranno started to drive. He drove me and he started going out of there and he went down Route 55 and then he asked me, he said, "Poss, how long have you been in the business?" And I told him.

Mr. KENNEDY. Who said this to you?

Mr. Poss. The man they introduced to me as "Joe." He said, "That is the boss." The office turned out to be that automobile.

Then he asked me how many machines I had, and I told him. He said, "We are going to be your partner."

He said, "We are going to make you a lot of money." He said, "We will run books and slot machines and everything."

I said, "I never ran a book," and he said, "We'll teach you."

I said, "Well, I am getting too old for that now."

And I sensed that the two men alongside of him looked like bodyguards, and with this driver and him I thought the odds were kind of bad.

So I agreed to whatever he said, they are going to be my partner.

Mr. KENNEDY. Was there any talk about paying you for half of your business?

Mr. Poss. I asked about that, and they told me they would pay me out of the machines, out of my machines.

Mr. KENNEDY. What happened then? Did you agree to bring them in as partners?

Mr. Poss. He said that Rocky and some men would be out to my place the next day and go with my men that I employed on the routes, to go along and help count the money.

Mr. KENNEDY. Why did you agree to bring them in as partners?

Mr. Poss. These roads that I was being rode over I had at various times saw the paper that bodies were hung over fences in those areas as I thought it would be better than having that happen.

Mr. KENNEDY. You figured if you didn't, you would have been killed?

Mr. Poss. I did.

Mr. KENNEDY. They took you back into town then?

Mr. Poss. Not just then, because I was thinking of an excuse. So I said to him, and I remember this was on a Thursday preceding Labor Day, so I said to him, "Now, tomorrow, I have an appointment to take my family to the lake over the weekend, and I wonder if you couldn't put this off until Tuesday."

He granted me that, and with that we went back and Paranno took me back to my car, and when I got out of his car, I told him, "Now, whatever I said today is out, because I was under duress, and under those conditions whatever I said today is out the window. Any agreement that I agreed to today is null and void."

Mr. KENNEDY. What did he say?

Mr. Poss. He said, "The boss wouldn't like this." Then he warned me about going to officials.

Mr. KENNEDY. What did he say about that?

Mr. Poss. He told me it wouldn't be healthy.

Mr. KENNEDY. Are you able to identify a picture of the boss?

The CHAIRMAN. I hand you a photograph and ask you to examine it and state if you identify the person in it.

(A photograph was handed to the witness.)

Mr. Poss. It is pretty hard to say positive. It has been quite a while ago. But certainly resembles him.

The CHAIRMAN. Resembles which one?

Mr. Poss. The guy that they called the boss, who I only saw that one time and never saw again. But for me to positively identify this, I believe I shouldn't do that.

The CHAIRMAN. The man they introduced as Joe?

Mr. Poss. This looks like him, but to be positive—I can't be positive.

The CHAIRMAN. All right.

Mr. KENNEDY. Go ahead.

Mr. Poss. Then I took my family to the lake, and on Saturday morning I was at the bar there, with a friend of mine, and was having a drink. He looked at me and he said, "What is the matter, Barney?" He said, "You look awfully worried."

Well, I didn't know that I was showing any outward signs.

But he says, "Why, you are staring out there in the lake. There must be something bothering you."

So I related my story to him about the ride I had had. I had known him real well. After I discovered that he could see that I was nervous about it, I thought, well, I got to call somebody and do something about it, and that is the very thing I was looking out in the lake thinking, what will I do.

So I called the sheriff of our county and wanted to know if I could see him right away, and he told me I could. But he said, "You sound kind of nervous. Maybe you better not drive." He said, "I will come up and see you."

So he did.

Then I related my story to him. He told me he would do all he could to help me.

Mr. KENNEDY. What was his name?

Mr. Poss. Sheriff Howard Kellett.

I arrived at the idea of telling these men I had a partner.

So when Tuesday morning came, Martell, who turned out to be Pranno, came to see me. He was all alone. And when he came in, I said, "Well," I said, "guess you can take my end of the business, but my partner wouldn't let you have his, so I don't know what you can do without him."

He again told me the boss wasn't going to like that, and so on, and he left.

He came back in a day or so and wanted me to go out and have a cup of coffee with him. I said, "No, I went with you once and that is as far as I will ever go with you again. I will never leave this office with you again," I told him.

So with that he left.

I didn't hear any more until 1957, in the spring, the exact date of which I don't have here. But I began to get telephone calls, warning me to get out of the business. They would give me a number I could call where I could contact somebody to sell out, that I should get out of the business.

One telephone call said, "Now, I am telling you for your own good," he says, "we will take you out and beat you up with a ball bat and break your legs, and if you live you will be crippled for life."

I didn't pay any attention as far as they were concerned, I continued to run my business, and then one night I got a telephone call that two men had entered one of my locations, one with an ax and one with a gun. I wasn't there, but on checking, the man with the gun said, "Everybody stay where you are and you won't get hurt."

He nodded to the other man to go do his duty.

He went with an ax and he chopped up the pinball machine and he chopped up the pool table. When he chopped up the pool table, the man said, "Hey, that is my machine." It belonged to the location. They had bought their own pool machine.

He said, "Well, you are not supposed to have that anyway." He chopped it up anyway.

Then a little later I got another telephone call from another location. They had done the same thing. They had chopped up a shuffle alley and a pin game.

A little while later I got a call from another one. They chopped up another one.

Well, with that I pulled down my equipment and went out of that business, just pulled them into the office. We didn't sell out or let anybody else have them. We just pulled them in. I turned around and sold the machines.

Mr. KENNEDY. How many of them were there?

Mr. POSS. Approximately 28 or 29.

Then along about that time our county passed an ordinance banning pinball machines in our county. I then found out that this Pranno was in with Kelly in Elgin and they were operating up that way, and some of the towns continued to have pinball machines.

The CHAIRMAN. In with who?

Mr. POSS. A man by the name of Kelly from Elgin.

Mr. KENNEDY. He was a partner of Kelly, as you understood?

Mr. POSS. Well, I had known of Kelly being in the business for years in Elgin. They used to call it Kelly and Klein.

When he seemed to come in with Pranno as a partner, Klein seemed to disappear. I never heard no more of Klein.

Mr. KENNEDY. Mr. Chairman, Mr. Kelly is the gentleman that was mentioned by the earlier witness who was an independent operator when some musclemen tried to come in and take over his business. He tried to get out of the business himself. They wouldn't let him out of the business, but they said they were just going to become his partners. He said he could not move; he could not leave the business but had to remain. This is the same Kelly that has now as his partner, according to the testimony of this witness, this Pranno, who is the same Pranno who approached him about making the arrangements to make the boss a partner.

Mr. POSS. That is correct.

The CHAIRMAN. Is it the Pranno crowd that was breaking up your machines?

Mr. POSS. I figured they hired the men that did that.

The CHAIRMAN. You don't actually know who did it?

Mr. POSS. I didn't see them; no.

The CHAIRMAN. But you had threats from no other source so far as you know?

Mr. POSS. No. But when they smashed up the third one they called me up on the phone and said, "Well, we smashed up another one of your machines. They will all be smashed up if you don't get out of the business."

The CHAIRMAN. They called you up? Who do you mean? Pranno's crowd?

Mr. POSS. Yes.

The CHAIRMAN. You understood at the time that it was Pranno's crowd?

Mr. POSS. I identified the voice over the phone actually that it was Pranno.

The CHAIRMAN. Pranno, himself, who called?

Mr. POSS. Yes.

Mr. KENNEDY. Did you ever talk to Kelly about this situation?

Mr. POSS. They sent Kelly down to see me, and I said, "If Kelly comes along, I will talk to him."

So he came down and he come in my office. I proceeded to talk to him, asked him how he got in there, and so on. He told me he didn't know, but they had him. He didn't know whether to take the Dutch act or what, but they had him.

Mr. KENNEDY. What is the Dutch act?

Mr. POSS. Suicide. But he said, "It is an order." He said, "I am sent here and it is an order." He said, "I am sent here to tell you to get out of business."

Mr. KENNEDY. This was just before you got out of business?

Mr. POSS. Well, I am still in—

Mr. KENNEDY. Just before you picked up your game machines?

Mr. POSS. Yes.

Mr. KENNEDY. Was that it?

Mr. POSS. Yes. His visit was preceding the breaking up, I believe. I believe the date would coincide with that.

The CHAIRMAN. In other words, following his visit the breaking up of the machines began?

Mr. POSS. Yes.

Mr. KENNEDY. Did your wife receive any calls?

Mr. POSS. Yes.

Mr. KENNEDY. Would you relate what they said to her?

Mr. POSS. The same thing that they said to me.

The CHAIRMAN. That is, they threatened personal violence against her?

Mr. POSS. No.

The CHAIRMAN. You said the same thing they said to you. They said to you that they would break your legs so you couldn't walk, but would be crippled?

Mr. POSS. Yes.

Mr. KENNEDY. They said that is what would happen to you?

Mr. POSS. She was so nervous that I was fearful that she was going to go insane.

The CHAIRMAN. In other words, they just tormented her with these calls; is that correct?

Mr. POSS. That is right.

Mr. KENNEDY. Did you hear anything further from them? That is, after you picked up your machines?

Mr. Poss. No, not for quite a while, several months. I knew that they were around soliciting. Then they had another man by the name of Clarence Lambert that was also sent down that worked with them, and he told me, too, that it was an order, and he, too, told me to go out of business.

He had a restaurant called Hank's Pizza. When I went in the place with this Hank who had been negotiating a property deal with me, he had bought the property next door and I had negotiated with him to buy 15 feet from him. I started in a conversation with this man Lambert, Clarence Lambert, and he got up and he made a telephone call.

When he came back, I said, "Who did you call, the rest of your crowd?" He said, "Yes, I called Pranno, and they will be right over here." I said, "Well, then, I will stay. I want to see them."

Then I went to the telephone and I called the sheriff. I said, "You better come out here to Hank's Pizza. It looks like there is going to be trouble. This man that has been tormenting me is coming and I don't know what I might do to him."

When this man walked in, I walked up to him and grabbed him by the throat, this Pranno, and I said, "You are the man who has been trying to send my wife to the nut house."

In about a minute, the sheriff came in and arrested him and we all went to the city hall. They had a grand jury investigation out in our county on it, and these men were turned loose for lack of evidence. If it wasn't them, it is funny, but I haven't had any more calls since, or any more violence since.

Mr. KENNEDY. Why did you stay in the business at all?

Mr. Poss. Well, when you put your life earnings into a business, you can't just give it away and walk away from it. These juke boxes cost \$1,000 apiece, and you just can't walk away from that.

When you got trouble like that, you can't sell out. I tried to sell out. I tried to sell out for 50 cents on the dollar. I didn't get no takers.

Mr. KENNEDY. Why wouldn't other people buy?

Mr. Poss. Well, they don't want to buy something when they know there is trouble; it had been in the papers and everything.

Mr. KENNEDY. Is everybody scared in that area?

Mr. Poss. That is right. You can't sell a route. Nobody will buy it, unless they give you 10 cents on the dollar.

Mr. KENNEDY. Can't the officials do anything about it?

Mr. Poss. Well, like I said, there is no violence now that is visible. They still continue to operate and solicit, but—I don't know. You wonder from day to day if you are going to get any more calls, but I haven't been getting them lately.

The CHAIRMAN. Senator Capehart?

Senator CAPEHART. The same thing that happened to you has been happening to a lot of businessmen and operators throughout the country. As you know, the purpose of this committee is to find ways and means to eliminate this situation.

Have you any suggestions on what we might do? Let me put it this way: Do you feel that you received the necessary protection from the laws of the State of Illinois or the county in which you live?

Mr. Poss. I feel that the sheriff tried to do what he could. John Peterson, the assistant State's attorney, he seemed like he tried to do

what he could; and the city of Aurora, without me asking for it, sent a policeman up, and he was told to go around with me.

I didn't like that, having a uniformed policeman going with me wherever I went. So I stayed home for 2 days or a day and a half, and pleaded in bed to get the policeman off, because I didn't want a policeman going around with me. So they took the policeman off.

Senator CAPEHART. There must be some way to handle this deplorable situation.

Mr. POSS. I feel that there surely is.

Senator CAPEHART. You have lived through it and maybe you have some ideas that will be helpful to this committee in respect to legislation, to the officials of the State of Illinois or your county and your city.

Mr. POSS. Maybe a Federal license, everybody to be checked that is in the business. Maybe that would be a good idea.

Senator CAPEHART. Did you hear the testimony of the previous witness?

Mr. POSS. Yes; I did.

Senator CAPEHART. Do you agree that the situation is one in which the operators in many instances, or some instances, such as that witness, being the employer and the owner of the business, becomes a member of the union for the purpose of controlling the business that he is in, and controlling competition, rather than rendering a service to the employees?

Mr. POSS. Yes.

Senator CAPEHART. You agree with that? Is that about what has happened in the industry out in Chicago or near Chicago?

Mr. POSS. Well, our men belong to the union.

Senator CAPEHART. They belong to the union. Did you have to buy stamps and that sort of thing?

Mr. POSS. Yes.

Senator CAPEHART. Therefore, you were a party——

Mr. POSS. Well, when you say "buy stamps," we get them furnished. We belong to the union and we get them furnished. I belong to the Northern Illinois Music Operators Association, and they actually send me the stamps. They procure them.

Senator CAPEHART. You, as an operator, have been a member of the union?

Mr. POSS. I am not a member myself, but my help is.

Senator CAPEHART. But you did buy the stamps, similar stamps as put in evidence here today?

Mr. POSS. No; we don't pay as big a fee as they do in Chicago.

Senator CAPEHART. But in substance, it is about the same? That is, the general operation?

Mr. POSS. Well, we never see anybody. We get our stamps from our association, and I never see nobody.

Senator CAPEHART. In other words, you have experienced this so-called union selling the stamps, and, likewise, in addition to that, you have experienced various persons trying to muscle in on your business. You have experienced both?

Mr. POSS. Well, I didn't figure that the hoodlums had any connection with the stamps.

Senator CAPEHART. You did not?

Mr. Poss. No, and I don't believe in our area it does.

Senator CAPEHART. In your area, you don't think it had any connection with the stamps?

Mr. Poss. These hoodlums, they are operating jukeboxes and everything out there, and the men that work for them don't belong to this union and my men do.

Senator CAPEHART. You have no thoughts or suggestions to give this committee as to what sort of legislation we ought to have to break this thing up?

Mr. Poss. I don't think I came prepared for that question. I didn't know it was going to be asked. I believe it is a little unfair for me to come up with an answer to something that would maybe take deliberation.

Senator CAPEHART. I understand that; I appreciate that. You understand the purpose of this committee is to investigate this and study this whole problem and then come up with recommendations to the Congress for legislation.

In fact, that is the only purpose of the committee hearings, to determine the need for remedial legislation to stop this sort of a situation. It seems to me you have a situation here where the union and the employees get together to control business.

In the Kohler situation that was before this committee, although I was not a member at the time, it seemed to be a situation where the union kept the company from doing business, or tried to keep them from doing business. It seems to me that the evidence here today is that the union endeavors to help the owner or the boss, the employer, to monopolize the business, even to the extent of, in many instances, doing violence.

Mr. Poss. Well, we do not have the same kind of a union setup.

Senator CAPEHART. That is, where you live?

Mr. Poss. That is right.

Senator CAPEHART. You have no trouble with the union out there?

Mr. Poss. Well, what I mean by that is I heard them say about all these various recorded music and all that. We don't have anything to do with all of that.

Senator CAPEHART. They do not operate out in your section?

Mr. Poss. Recorded music don't. That is strictly Chicago.

Senator CAPEHART. But you do purchase stamps from the union?

Mr. Poss. Yes.

Senator CAPEHART. And your men do belong to the union?

Mr. Poss. Yes.

Senator CAPEHART. Then you have an association?

Mr. Poss. Well, when I say "buy the stamps," actually we don't seem to pay for the stamps. The stamps come because our men belong to the union. In other words, it recognizes that our men belong to the union. The way it is put to me is that when a man comes up to repair the machine, it identifies that he is a union man; he has a card in his pocket and a stamp on the machine.

Senator CAPEHART. But your chief problem came from various persons attempting to muscle into your business?

Mr. Poss. That is right, coming in to take the business by force without giving you any money for it.

Senator CAPEHART. And you were not able to get the kind of protection—

Mr. POSS. If I hadn't taken a chance at getting myself killed, I probably would have weakened and gave them my business, which I suppose others have. But I decided that I worked hard for it and I wasn't going to give it up if it cost my life.

Senator CAPEHART. But you do not at the moment have any suggestions to make as to what kind of laws we might pass?

Mr. POSS. Well, I think there ought to be some protection to keep them from taking your business away. I can't give you the exact wording of the legislation.

The CHAIRMAN. Have you anything, Senator Ervin?

Senator ERVIN. No, Mr. Chairman.

The CHAIRMAN. Thank you very much.

The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan, Ervin, and Capehart.)

(Whereupon, at 12:10 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Howard A. Kellett.

The CHAIRMAN. You do solemnly swear the evidence you give shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLETT. I do.

TESTIMONY OF HOWARD A. KELLETT

The CHAIRMAN. State your name, your place of residence, and your present official position.

Mr. KELLETT. My name is Howard Kellett. I live at 341 South Evenslawn Avenue, Aurora, Ill. I am the chief probation officer for the 16th judicial district, comprising Kane, DeKalb, and Kendall Counties, in Illinois.

The CHAIRMAN. Have you held other official positions in your county?

Mr. KELLETT. Yes, sir. I just completed a term as sheriff of Kane County. Prior to that I was chief deputy sheriff of Kane County, and prior to that a member of the Aurora Police Department.

The CHAIRMAN. How many years were you on the police force, including your term as sheriff and deputy sheriff?

Mr. KELLETT. Approximately 13 years.

The CHAIRMAN. When did your term as sheriff expire?

Mr. KELLETT. December of 1958.

The CHAIRMAN. Do you waive counsel?

Mr. KELLETT. I do.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. Mr. Kellett, in your position in law enforcement in that area, have you noticed an attempted influx in the underworld of syndicate members into your area?

Mr. KELLETT. I have, sir.

Mr. KENNEDY. Has that been an attempt to take over the coin-operated machines?

Mr. KELLETT. That is correct.

Mr. KENNEDY. That would be the jukeboxes, would it?

Mr. KELLETT. Yes, sir; jukeboxes and all coin-operated machines.

Mr. KENNEDY. How long has that been going on, Mr. Kellett?

Mr. KELLETT. The first inclination that we had in our county was perhaps the summer of 1956.

Mr. KENNEDY. Could you relate to the committee what occurred and what information you had?

Mr. KELLETT. Well, at that time we had several local operators, one of them by the name of Mr. Ralph Kelly. He came to me, called me on the telephone, and told me at that time that he had several mysterious persons that were following him at that time.

In making his collections, he would notice that there were these fellows that would not say anything to him, but just follow him along his route, see where he went, and what he was doing. He told me about this, and I kind of checked into it, and I found that what he had told me had been true.

However, due to the fact that there was no actual contact with him, there wasn't a great deal that could be done. Then the situation seemed to stop after a bit and I heard no more from Mr. Kelly.

Mr. KENNEDY. This is of some importance, Mr. Chairman.

The CHAIRMAN. Would you repeat what you just said, Sheriff, so I can get the connection?

Mr. KELLETT. As I said before, Mr. Kelly was followed on his collection route of his coin-operated machines by mysterious strangers who he knew not, and he reported the same to me. I tried to find out who they were, to no avail.

After the situation had gone on a few days, or perhaps a week or so, it had stopped, and there was no more following, shall we say.

Mr. KENNEDY. What happened in the situation involving Mr. Kelly?

Mr. KELLETT. Well, at that time, Mr. Kelly, like I say, was an independent operator, operating coin-operated devices, in the north end of the County of Kane, which comprised Elgin, Dundee, Carpentersville, and that particular area.

These men would pull up, when he made his collections, see where his stops were. He said they hadn't bothered him, but he didn't like their looks, or wondered who they were, and wondered whether they were going to stick him up or what the story was. That is the reason he reported it to me.

Mr. KENNEDY. Did you find out if they took steps against him?

Mr. KELLETT. Not to my knowledge.

Mr. KENNEDY. What happened as far as Mr. Kelly is concerned?

Mr. KELLETT. Like I say, I tried to inquire around to find out who these fellows were, but I was not successful because I only had a vague description of them. But after a bit, I heard no more from Mr. Kelly.

In other words, it quieted down. The next time it broke out was the time Mr. Poss, an operator of Valley Music, called me Labor Day weekend of 1956.

Mr. KENNEDY. Before we get into that, Mr. Kelly, however, subsequently obtained a partner, did he not?

Mr. KELLETT. I found that out later; yes, sir.

Mr. KENNEDY. And that was Mr. Rocky Pranno?

Mr. KELLETT. That is correct.

Mr. KENNEDY. He is one of those who has these underworld connections.

Mr. KELLETT. That is correct.

Mr. KENNEDY. So he was able to move in on Mr. Kelly's business, evidently?

Mr. KELLETT. That is correct, sir.

Mr. KENNEDY. Now, go ahead and tell us about what you heard about Mr. Poss?

Mr. KELLETT. Labor Day weekend of 1956 I was at my home and I received a call from Mr. Poss, stating that he wanted to see me. I, in turn, told him, I said, "All right, I will meet you at my office." He said, "No." He said, "I would rather not; I would rather see you in private."

Mr. Poss had a summer cottage at a small lake in the northern part of the State, and he suggested that I drive up there. He seemed to be real shaken up and real nervous. I drove up there to see him. I could see visibly that he was, without a doubt, real tense, real nervous, and real shaken up.

He told me at that time that a fellow that identified himself as Rocky Martell had called at his place of business, the Valley Music Co., and had a business proposition. This Mr. Martell took him into Chicago—into DuPage County, I believe it was, to a place to meet his so-called boss, and Mr. Poss got in his car and was taken to a place commonly known as the Lilac Lodge, which is perhaps 5 or 6 miles east of our county.

There he related the story that he was met by some three fellows that he did not know, and was told that they were going to become his partners in the jukebox field. They were going to be partners in all of his operations of coin-operated devices. They were also going to make him a big man.

They were going to take over complete gambling in the county. They were going to set him up as the man, make him a bookmaker, and so forth, and so on.

Mr. Poss told me that they warned him to stay away from me and any other law enforcement agencies, and he was just up a creek as to what to do. I advised him that he should perhaps tell them that he needed more time, not to do anything to get himself hurt in any way, but to perhaps stall for time.

I suggested perhaps that he tell them that he had somebody else in with them, that he would have to talk to them before he could make a decision. I understand that that is exactly what Mr. Poss did.

Mr. KENNEDY. Afterward there was some violence in the county, as was related by Mr. Poss this morning?

Mr. KELLETT. Yes. On three different occasions there was some breaking up of coin-operated devices. The first occasion was a tavern about 2 miles west of St. Charles, on Route 64. At that time an armed man and another man—one man with a gun and the other with a hammer or a maul, or possibly an ax, went in and told the bartender

and a couple of customers there that they wouldn't be hurt, to stay at the bar.

They proceeded to break up, I think, a pool table, a shuffle alley, and a pinball machine. About approximately 2 days following that, or possibly a little more, another place, just 3 miles east of Geneva, Ill., the same thing occurred.

Two men answering the same description did practically the same thing. Shortly after that the third place, a place near Aurora on Route 25, known as Pete de Cane's Tavern, was invaded and the same thing happened there.

These machines were destroyed and the customers were told to stay at the bar and not get themselves hurt.

Mr. KENNEDY. The efforts of these people were aimed, you say, towards all coin operators?

Mr. KELLETT. I didn't understand you.

Mr. KENNEDY. The efforts of this group is aimed towards all coin-operated machines?

Mr. KELLETT. Yes. It has been my experience as a police officer, and we are close enough to the situation, being only 40 miles west of Chicago. I think every police officer or every law-enforcement officer in that area is very conscious of the fact of how the syndicate, shall we call them, syndicate or the boys or the outfit, move, how they operate, and they eventually try to take over the entire coin-operated devices and every other thing that is in the county.

Mr. KENNEDY. This includes the pinball machines; is that right?

Mr. KELLETT. That is correct.

Mr. KENNEDY. What is the attraction to the pinball machine?

Mr. KELLETT. Well, the pinball machine, unfortunately, in our State there has been some wrangling on it. The Supreme Court has held sometimes that they are gambling devices and another time they will hold they are a legal operation.

Mr. KENNEDY. Is it a gambling device?

Mr. KELLETT. In my opinion, some are and some are not. But the ones particularly that you are interested in here, and the ones that are commonly spread throughout the State of Illinois in our particular area, are gambling devices.

Mr. KENNEDY. As a matter of fact, you can lose far more money on these bingo kind of pinball operations than you could on the one-armed bandits?

Mr. KELLETT. That is correct. The one commonly known as bingo is the one where it is possible to keep putting money in to build up your odds to a great height, and it is possible to lose a considerable amount of money.

Mr. KENNEDY. Have you taken some action in your area against that kind of machine?

Mr. KELLETT. That I have, sir. After this, shall we call it, violence was committed, the breaking up of the machines, I was fearful. I talked to the State's attorney's office. We talked to all the police chiefs, to the law enforcement agencies throughout the county, and at that conference we came up with the idea that we were going to be in for some trouble inasmuch as we were afraid that perhaps an eager-beaver bartender, a tavern owner or possibly a customer would be in one of these places when one of these machines was destroyed, and

possibly, maybe, in his cups a little bit. He might protest the destruction of the machine, and get himself hurt.

We are a small community. We don't like violence in our county. At that time, I figured that if it were possible to take away what these fellows were interested in, it would be a possibility that they would go away. As an aftermath of this meeting with these chiefs of police, I urged them personally, as did the State's attorney's office, to crack down on all local gambling; to make sure that the gambling was all taken down, and that would perhaps take away some of the source of revenue and they would be less inclined to bother us.

Due to the fact that the pinball machines were called legal, it created another problem. So I perhaps went out on a limb—I did. I issued an ultimatum that all pinball machines were to be removed from the county. The very day that I issued my ultimatum was the day that the Supreme Court, which had been trying a case, declared that the pinball machines were legal, so that kind of took some of the sting out of my ultimatum.

However, the local operators did comply. They took their machines out. The pinball machines were taken out and removed from the county with the exception of those in the northern part of the county, operated by Ralph Kelly, who at that time, I found out, had been taking on a new partner, and was dominated.

Mr. KENNEDY. Are these pinball machines still active in that part of Illinois?

Mr. KELLETT. In certain communities they are. I went to the board of supervisors and I contacted each and every one personally, along with Assistant State's Attorney John Peterson. We dug up a resolution or a—not a resolution, but it is a law that was passed by the Chicago City Council that had been tested by the Supreme Court, and it held that it was valid. It was a proposal to call pinball machines a nuisance and, therefore, we passed that and they were to be banned from the unincorporated areas of the country.

After that, it was our job to go to the various communities that had local government. We talked to the city councils of these communities, we talked to the officials, and we asked them to pass similar ordinances in their communities to make it possible that the pinball machine would be banned from the entire County of Kane.

That was done with very good success, with the exception of a couple of smaller communities in the north end of the county, who have not yet done so. Therefore, the pinball machines are still in those communities.

Mr. KENNEDY. Pinball machines, these kinds that we are discussing, are so patently gambling devices, that it is obvious to anybody who goes into a tavern and plays it or sees it in operation that it is a gambling device.

In order for it to function, where it does function, must there be some arrangement made between the operators and law-enforcement officials?

Mr. KELLETT. I think that is true, sir.

Your law-enforcement official, however, has a very difficult time policing this particular item, because it is his responsibility that the law requires you to actually witness a payoff on the machine. The machine has no device that drops the coins out. If a winning com-

bination of numbers is upcoming, the bartender or the owner of the place, the restaurant or whatever it happens to be, will pay off in cash. Therefore, the law-enforcement official or his investigators must witness that payoff in order to get a warrant against this one particular machine, calling it a gambling device.

That does not pertain to all machines, but just the one particular one that you witnessed the payoff on.

Mr. KENNEDY. Of course, it is possible—you have to witness the payoff, but once a group understood that there was going to be a drive in a particular community, those machines would no longer be in operation, because it would be an expensive proposition for them to lose the machines?

Mr. KELLETT. That is correct.

Mr. KENNEDY. And you have certainly found in your community, in the steps that you have taken, and that we are aware that you have taken, that it is possible to stamp this kind of an operation out.

Mr. KELLETT. It can be stamped out if everybody will cooperate and get together. It can be stamped out; yes, sir.

Mr. KENNEDY. And this kind of operation, the pinball machines, which are these gambling devices, as well as the jukebox—that is one of the main attractions to people like Pranno and other members of the syndicate?

Mr. KELLETT. I believe so, sir. They are there to make a fast buck, and that is the fastest way they have of making it. I believe if it wasn't for that, they wouldn't be so interested.

Mr. KENNEDY. But you have found, in summary, that there is a definite effort by the syndicate or the musclemen, whatever we might call them, to move out into these communities to try to take over these coin machines?

Mr. KELLETT. Yes. We in Kane County, like I say, are 40 miles west of Chicago. We are very much aware by newspaper articles, very much aware by actual experience, that there is such a thing that exists such as the outfit. We know about it. We are always aware of the fact that they will try and they have tried, from time to time, to come into various communities.

They are always looking for fertile fields. There are continuous efforts by them to move into various locations.

(At this point Senator Ervin entered the hearing room.)

Mr. KENNEDY. Did you find that some of these people who attempted to move into your area, and who were successful in some instances, as the hearings will show, are some of the younger gangsters?

Mr. KELLETT. That has been my experience, sir. After the time of the arrest of Mr. Pranno, Mr. Kelly, Mr. Lambert, and Mr. Cohen, at Hank's pizza joint in Aurora, that Mr. Poss told the committee about this morning, that was the first time that I had actual knowledge as to who these fellows were. I knew Clarence Lambert and I knew Mr. Kelly as being local men. But I knew they were also working.

I didn't know who Mr. Pranno was. I was very interested to find after his arrest—and incidentally, on the arrest, we charged him with vagrancy, we charged him with numerous different things in order, perhaps, to get a line onto who they exactly were.

After they were fingerprinted and mugged at the Aurora Police Department, we found out his name was Rocky Pranno.

At that time I went into an investigation into various private sources that I have, and from what I was able to learn by making numerous trips into Chicago, I found out that Mr. Pranno, "Rocky" Pranno, is or was and is, associated with the younger element of the so-called outfit.

They, in turn, are the ones that are out doing the breaking in of the virgin territory. I found that Mr. Pranno was associated with a fellow commonly known as Willie "Potatoes" Daddano, I believe, and——

Mr. KENNEDY. That is D-a-d-d-a-n-o?

Mr. KELLETT. I do not know how you spell it, sir.

Mr. KENNEDY. D-a-d-d-a-n-o. He is called "Potatoes"?

Mr. KELLETT. He is called "Potatoes," and another fellow that was—well, another fellow that my information divulged to me was that he was close to was a fellow by the name of Sam Giancano. To the best of my knowledge, they are what is known as the younger element of the outfit, the syndicate.

The CHAIRMAN. Are there any further questions?

Senator CAPEHART?

Senator CAPEHART. Do you have any recommendations to make to this committee as to what we might do in respect to legislation? That is, to correct the situation you are complaining of?

Mr. KELLETT. Senator, I would just like to say this: I do not think that I am qualified as a legislator. I am sure you gentlemen have some ideas of your own. I might add this as a law-enforcement officer:

I believe that if all law-enforcement officers took a firm stand in their various communities and would suppress all gambling, crack down on things, and not let these fellows maybe have the easy foothold to get in, it might be very helpful. But as far as actual legislation, I don't know. I do know there is a dire need of something.

Senator CAPEHART. What you are saying is that you think that the local law-enforcement officers, judges and sheriffs, mayors, et cetera, should and must and could handle it if they wanted to?

Mr. KELLETT. Well, they might not be able to stamp it out completely, but they could make it a darn sight harder for them to get in. In my experience and my knowledge of this operation, it is not only the gambling that you are interested in, and I think you gentlemen here in the committee know that they branch off into various legal branches, restaurants, taverns, and so forth and so on.

Senator CAPEHART. Drycleaning establishments?

Mr. KELLETT. Laundries, business unions.

But I think that the easy way in would be for them to perhaps come in on the gambling first and then maybe get their foothold in the door and then branch out into those other branches that we just mentioned.

I have heard pros and cons on the argument of "Let's license them; let's make them be a resident of the county or community," and "Let's do this or that." That would not work, because it would be very simple for me, if I were an operator, to have somebody with a clean record go up and front for me while I stayed in the background.

Senator CAPEHART. You only testified about the so-called hoodlums muscling in in your county. Have you had any trouble with the unions out there? Do you have any knowledge of any union activities that have been detrimental?

Mr. KELLETT. No, I haven't, Senator.

Senator CAPEHART. Of your own knowledge, you know nothing about any union operations with respect to this?

Mr. KELLETT. No; none whatsoever. In other words, this is just perhaps the first step, and maybe that will come later, but at the present time there is nothing at all.

Senator ERVIN. Did you hear the testimony about Chicago this morning? Did you hear the witness this morning?

Mr. KELLETT. Yes, I did.

Senator ERVIN. Would not the testimony given this morning indicate that the union device is just something that people engaged in these kinds of rackets hide behind as sort of a blind?

Mr. KELLETT. That is correct. From what I can gather from my personal experience, like I say, living so close to the situation in Chicago, which you gentlemen are going to find out, it is really something. I know that.

Senator ERVIN. We have found out a good deal to that effect already.

I want to commend the action you have taken. I think you are right in your observation that if everybody, all law-enforcement officers, would tighten down in their communities, this would be minimized very much.

Mr. KELLETT. Thank you, Senator. I would like to say this: The hardest part that I found was creating enough public interest. I hope that you get good coverage in the press. I think if the people are educated that these things not only happen in the bigger communities, but it can also happen right next door to your own home, I think that would help the situation. I think if people are educated and it gets into enough homes, it would be a big help.

(At this point Senator Capehart left the hearing room.)

The CHAIRMAN. Thank you very much, Sheriff.

Mr. KENNEDY. Thank you, Sheriff.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Young.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate Select Committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. YOUNG. I do.

TESTIMONY OF JAMES C. YOUNG

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. YOUNG. James C. Young, Post Office Box 25, South Elgin, Ill.; tavern operator for the last 8 years; for the last year and a half, president of local 53, Retail Liquor Dealers Protective Association of Illinois.

The CHAIRMAN. Do you waive counsel?

Mr. YOUNG. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. You have been operating this tavern for 7 or 8 years?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. And you have known Mr. Kelly, have you?

Mr. YOUNG. I have known Mr. Kelly for 15 years or more.

The CHAIRMAN. That is Ralph Kelly?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. He has long been a friend of yours?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. He was in business on his own, was he, for a long period of time?

Mr. YOUNG. Ralph Kelly and Ralph Klein, under the operation of Kelly & Klein.

Mr. KENNEDY. He had a partner, Mr. Klein?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. But he and Mr. Klein were operating independently?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. Did that situation change recently; that is, within the past few years?

Mr. YOUNG. Mr. Kelly come around one time with a representative of the company, the machine company, and since then—I think he explained it was an adviser with him.

The CHAIRMAN. A what?

Mr. YOUNG. An adviser. A business manager.

Mr. KENNEDY. Who was his adviser?

Mr. YOUNG. Well, he calls him Jim. Through the papers and all I know him as Rocco Pranno.

Mr. KENNEDY. Rocco Pranno?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. How did he happen to go into business or have Rocco Pranno come to work for him?

Mr. YOUNG. That is something I have no knowledge of.

Mr. KENNEDY. Did you have any discussions with him about it?

Mr. YOUNG. The only discussion I had with Mr. Kelly about that is that a year or so ago he wanted to retire from the business.

Mr. KENNEDY. He wanted what?

Mr. YOUNG. He wanted to retire from the business and quit, he said. He thought he would go into some other form of business.

Mr. KENNEDY. What else did he tell you?

Mr. YOUNG. He didn't know.

Mr. KENNEDY. Did he say anything about this man that was with him all of the time?

Mr. YOUNG. No, he just said it was a business adviser or business manager, I think that they used the terms.

Mr. KENNEDY. Did this man follow him every place he went?

Mr. YOUNG. The man has been a constant companion of Mr. Kelly for the last 6 or 8 months.

Mr. KENNEDY. Did Mr. Kelly used to move by himself prior to this time?

Mr. YOUNG. Before that time Kelly always came by himself.

Mr. KENNEDY. And now Mr. Pranno with him?

Mr. YOUNG. He is on servicing and repairs and everything.

Mr. KENNEDY. Do you know why he didn't get out of business when he said he wanted to?

Mr. YOUNG. Definitely I don't know why, and the only thing is hearsay.

Mr. KENNEDY. Whom did you hear it from?

Mr. YOUNG. Well, Rupert Kane.

MR. KENNEDY. Who is he?

MR. YOUNG. A brother-in-law of Ralph Kelly.

MR. KENNEDY. What did he tell you?

MR. YOUNG. I said to him one day, "How come Kelly is all mixed up in this affair like he is?" And there were two other gentlemen sitting there at the time, and I don't recall who they were, just making a general bar conversation. And he said, "Well, what would you do if you were riding around in a car and had a big cement weight tied to your legs and they told you they were going to drop you off a bridge if you didn't cut them in?"

MR. KENNEDY. He was giving you that explanation?

MR. YOUNG. That was the explanation.

MR. KENNEDY. As to why Kelly had Pranno?

MR. YOUNG. As to why he had expanded and had a business adviser.

MR. KENNEDY. Did you understand he was relating to you what actually occurred to Mr. Kelly?

MR. YOUNG. To the best of my knowledge, he was giving me what I understood to be his knowledge of it.

MR. KENNEDY. The account of Mr. Kelly having had cement weights put on his legs?

MR. YOUNG. More or less, and he was giving me an account, I understood, of a family discussion on it or something.

MR. KENNEDY. And they had threatened to drop him off a bridge with the cement weights on his legs unless he bought Mr. Pranno in?

MR. YOUNG. Unless he consolidated his business with others.

MR. KENNEDY. Is your relationship with Mr. Kelly the same now as it had been before? Has he changed?

MR. YOUNG. Mr. Kelly is a much quieter man now, and he isn't as friendly as he used to be and he does not have time to throw the bull around and talk generalities, and he is all business, and a more efficient operator.

MR. KENNEDY. Have you had any dealings with these people yourself?

MR. YOUNG. The only one that I have had is some merchandise I was buying in Chicago and I was told there that I would have to clear it through Pranno and Kelly before I could buy any more.

MR. KENNEDY. This was a lottery form of gambling; is that right?

MR. YOUNG. It was envelopes of tickets.

MR. KENNEDY. Envelopes of tickets?

MR. YOUNG. Yes, sir.

MR. KENNEDY. And you had been purchasing those from the Marvel-Apex Manufacturing Co.?

MR. YOUNG. Yes, sir.

MR. KENNEDY. And they told you that they would not be able to sell them any more to you?

MR. YOUNG. They said that I would have to clear it through them or get it through them.

MR. KENNEDY. You have to get it through Pranno and Kelly?

MR. YOUNG. Yes, sir.

MR. KENNEDY. Did you have any discussions with Pranno and Kelly about them?

MR. YOUNG. They put them on a 50-50 basis, and it runs the cost up from \$2 or \$3 a bag, to \$40 or \$45 a bag.

Mr. KENNEDY. They had upped the price from \$3, approximately, to \$40; is that right?

Mr. YOUNG. That is true.

Mr. KENNEDY. So you didn't buy them any more?

Mr. YOUNG. I made arrangements to get mine through the clubs in Elgin which buy theirs.

Mr. KENNEDY. Was there any violence at your place of business?

Mr. YOUNG. I have never had any violence.

Mr. KENNEDY. What about the jukebox in your tavern?

Mr. YOUNG. On December 1 the jukebox in my tavern was destroyed by fire by persons unknown, and definitely incendiary, and the report of the State marshal was that it was identical with one that happened in Du Page County just a few days before.

Mr. KENNEDY. What was the explanation for that, that you could learn?

Mr. YOUNG. We figured somebody wanted my jukebox.

Mr. KENNEDY. Did they break it?

Mr. YOUNG. It was a brand new one, and run between \$1,000 and \$1,500 a month.

Mr. KENNEDY. You have had some violence then?

Mr. YOUNG. An unfortunate occurrence.

The CHAIRMAN. How did they burn it without burning your place of business?

Mr. YOUNG. The front window was smashed out and the jukebox was saturated with an inflammable liquid and set fire to, I imagine, and it is a supposition on that, but it did catch fire, and the inflammable liquid was there, and the window above it was broke out.

The fire department was called immediately on the setting of the fire, and that timing had to be, and we have a volunteer fire department, and they got there before the flames had started.

The CHAIRMAN. Nothing was destroyed but the box?

Mr. YOUNG. Nothing but the box and a little floor area and the front door and the glass that was broken in. The total damage to the property and contents was about \$1,500.

Mr. KENNEDY. They broke the front window of your store, did they not?

Mr. YOUNG. Yes; right above the jukebox.

Mr. KENNEDY. Who works for Mr. Pranno and Mr. Kelly now?

Mr. YOUNG. There is Mr. Pranno and Mr. Kelly, they do the collecting in my place, and I can only speak for my place, and Julius Cohen and Clarence Lambert are collectors.

Mr. KENNEDY. Have they always worked for Mr. Kelly?

Mr. YOUNG. Mr. Lambert used to be with another organization that operated out of Aurora, headed by Natolini.

Mr. KENNEDY. Who is he?

Mr. YOUNG. He was, I understand is, one-fourth owner in Valley Electric Co., and he started an operation which Mr. Kelly was going to buy out at one time, but they never got together and bought out, I guess. There was some business deal that they had.

Mr. KENNEDY. What was his reputation?

Mr. YOUNG. Mr. Natolini has a nice reputation in Kane County and a successful businessman.

Mr. KENNEDY. Do you know how Cohen and Lambert came to work for Kelly?

Mr. YOUNG. In the consolidation of the two companies, I understand.

Mr. KENNEDY. You have got these pinball machines operating in your area?

Mr. YOUNG. The village failed to pass an ordinance eliminating them, and in the State of Illinois, as a rule, they can be licensed as an amusement device.

Mr. KENNEDY. These machines paid money, did they not?

Mr. YOUNG. They do not pay out anything and they reward you in games.

Mr. KENNEDY. If you have a "tilt" on your machine, you can collect the games that you are rewarded with from the bartender?

Mr. YOUNG. If you have an unfortunate occurrence and lost your games, sometimes you are reimbursed.

Mr. KENNEDY. You have such a machine in your place of business?

Mr. YOUNG. There was one when I left there. I have been here a while.

Mr. KENNEDY. Are all of the pinball machines operating in that area now?

Mr. YOUNG. In the village of South Elgin there were approximately five.

Mr. KENNEDY. Five machines?

Mr. YOUNG. South Elgin has five taverns, and I don't know whether there is one in every tavern or not.

Mr. KENNEDY. Have any of the machines been picked up lately?

Mr. YOUNG. Not that I know of.

Mr. KENNEDY. None of them have?

Mr. YOUNG. No.

Mr. KENNEDY. How about the slot machines?

Mr. YOUNG. We haven't any slot machines in there in the last 4 years, or something like that.

Mr. KENNEDY. Do you have any kind of electric machines?

Mr. YOUNG. Not in the village of South Elgin?

Mr. KENNEDY. What about in the area outside?

Mr. YOUNG. In the city of Elgin, they passed an ordinance banning the operation of pinball machines and they don't show up around there too often.

Mr. KENNEDY. Were the pinball machines picked up over the last week?

Mr. YOUNG. The pinball machines haven't been out for quite a while.

Mr. KENNEDY. Were there any of the machines picked up this last week?

Mr. YOUNG. There was a new type of machine that has been picked up in the last week or 10 days.

Mr. KENNEDY. What kind of machine was that?

Mr. YOUNG. I believe it was an upright electric.

Mr. KENNEDY. An upright electric?

Mr. YOUNG. A game of skill and it has a skill stop on it.

Mr. KENNEDY. A slot machine.

Mr. YOUNG. No; I don't know how you would define this. It is a coin-operated amusement device which rewards in games.

Mr. KENNEDY. And those machines have been picked up over the period of the last 3 or 4 days?

Mr. YOUNG. There is going to be a mayors' election in Elgin and they have disappeared.

Mr. KENNEDY. When did that occur?

Mr. YOUNG. Within the last 2 weeks.

Mr. KENNEDY. Why did it happen?

Mr. YOUNG. Various newspaper articles probably had something to do with it.

Mr. KENNEDY. What kind of newspapers?

Mr. YOUNG. The Chicago Tribune, and Elgin Courier News, and everything on this investigation, the fact that it was being launched and it was being carried into Kane County, and I would say that had some bearing on it and the fact we are going to have a mayor's election. That has a bearing on it.

Mr. KENNEDY. Were you told that the machines will be back, though, after the investigation is finished?

Mr. YOUNG. Mr. Cohen told me the other day the whole county would be open in a few days, as soon as this blew over.

Mr. KENNEDY. You would all be back in business again?

Mr. YOUNG. As soon as the noise blew over.

Mr. KENNEDY. The whole country was going to be opened up?

Mr. YOUNG. Yes, sir.

Mr. KENNEDY. So that the picking up of these machines is just evidently temporary; is that right?

Mr. YOUNG. I have no idea.

Mr. KENNEDY. From what he related to you?

Mr. YOUNG. I would say so.

Mr. KENNEDY. Is there another operator in that area by the name of Peterson?

Mr. YOUNG. Mr. Peterson of Courtesy Vending Co.

Mr. KENNEDY. Did you hear any discussion about Mr. Pranno, about taking over Mr. Peterson's business?

Mr. YOUNG. At one time when Mr. Peterson was in business, I overheard a discussion between Mr. Kelly and Mr. Pranno to the effect that Kurt needed straightening out, and if he didn't they would break his other leg.

Mr. KENNEDY. Break his other leg?

Mr. YOUNG. Yes; and he has one leg that has an injury, on one leg.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

If not, thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Peterson.

The CHAIRMAN. Will you be sworn?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PETERSON. I do.

TESTIMONY OF KURT PETERSON

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. PETERSON. My name is Kurt Peterson, and I live at 137 Camp Flint Drive, Dundee, Ill. I own Courtesy Vending, which operates candy and cigarette machines.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Peterson, you owned a cocktail lounge in Elgin?

Mr. PETERSON. That is right.

Mr. KENNEDY. From about 1948 to 1959?

Mr. PETERSON. That is right, sir.

Mr. KENNEDY. From about 1948 to 1959; and do you still own it?

Mr. PETERSON. I sold out during December, and moved out January 2 of this year.

Mr. KENNEDY. You had several coin machines in your lounge; is that right?

Mr. PETERSON. That is right.

Mr. KENNEDY. In 1955 you started the Courtesy Vending Co.?

Mr. PETERSON. That is right.

Mr. KENNEDY. A route of cigarette and candy vending machines?

Mr. PETERSON. That is right, sir.

Mr. KENNEDY. And since selling your lounge in January of 1959, you have been devoting all of your time to the vending machine business?

Mr. PETERSON. That is right.

Mr. KENNEDY. And you presently have approximately 125 machines on location; is that right?

Mr. PETERSON. Approximately 100 cigarette and 25 candy machines.

Mr. KENNEDY. Now, did you have any difficulties or problems, Mr. Peterson, with your operation in your own shop of your coin machines and in your route?

Mr. PETERSON. I had some problems, but I don't believe it was quite like the past witnesses here. I had one truck and one serviceman and I did belong to the Tavern Owners Association, and due to the fact that I had the room and the truck and I had the service, we were able to keep some of the privately owned machines in operation, including my own. It looked like I may possibly expand into that business and as a result of that I had two telephone calls where the language was more swear words than anything and telling me that I shouldn't expand into any other business.

Mr. KENNEDY. You shouldn't expand your——

Mr. PETERSON. Shouldn't expand my amusement type of business end of it.

Mr. KENNEDY. Did you know, or were you able to identify who the calls were from?

Mr. PETERSON. No; I don't know who the calls were from.

Mr. KENNEDY. Did you ever have any discussions with anybody specifically in connection with this?

Mr. PETERSON. I met Rocco Pranno out at Cupie's Colonial Drive-In. As a matter of fact, he invited me out for dinner.

Mr. KENNEDY. Is that the first time you met him?

Mr. PETERSON. I met him once before, but where it was, I can't remember.

Mr. KENNEDY. Did you have a conversation with him at that time?

Mr. PETERSON. Are you referring to the first time or the second time?

Mr. KENNEDY. The first time.

Mr. PETERSON. He made the suggestion that I don't expand my other forms of vending operations.

Mr. KENNEDY. The same thing that had been said to you on the telephone?

Mr. PETERSON. The essence was the same.

Mr. KENNEDY. And that was shortly after you received the second telephone call?

Mr. PETERSON. That is right.

Mr. KENNEDY. Did he also offer to buy the places that you had, the machines that you had in your own place of business?

Mr. PETERSON. That was the very last thing that he offered when we had dinner.

Mr. KENNEDY. That was the second time you met him?

Mr. PETERSON. That is right.

Mr. KENNEDY. What did he want you to do then?

Mr. PETERSON. Well, he would like to see me sell out the machines that I had in my place, and discontinue any service that I was offering on maintaining machines in the tavern association.

Mr. KENNEDY. The problem wasn't that he wanted to have his own person service these machines, was it? That is not the difficulty? That is not what he was interested in?

Mr. PETERSON. He wanted or seemed to want to cut off the service.

Mr. KENNEDY. You people owned your own machines and were distributing them. You would be servicing, you and your group, would be servicing your own machines; is that right?

Mr. PETERSON. That is right.

Mr. KENNEDY. So if you cut off the servicing of these machines, these people couldn't keep the machines up, they would have to get rid of them?

Mr. PETERSON. That is right.

Mr. KENNEDY. If they had to get rid of the machines, this group, Pranno's group, would be able to move in there?

Mr. PETERSON. That is about it.

Mr. KENNEDY. That was the reason he didn't want you to service any machines?

Mr. PETERSON. That is right.

Mr. KENNEDY. That is the reason they wanted to take over these various stops and not have you expand your operation?

Mr. PETERSON. That is the way I understood it.

Mr. KENNEDY. That was so that he and his group could take over the area?

Mr. PETERSON. Yes.

Mr. KENNEDY. Did you tell him about the telephone calls?

Mr. PETERSON. I told him about the telephone calls and told him if anybody called up I wouldn't listen to them or talk to them and wouldn't listen in any way, shape, or form, and I didn't appreciate being talked to that way on the phone.

Mr. KENNEDY. Did he tell you that he would have it stopped?

Mr. PETERSON. He told me he would have it stopped and I never did receive any more calls. That was the only two times I got calls.

Mr. KENNEDY. Did you hear anything about having your leg broken?

Mr. PETERSON. I heard it through the grapevine. Whether I heard it definitely through Jim Young, I don't know. The rumor came back to me that my other leg would be broken, but my first leg hadn't been broken, so the rumor was not quite true.

Mr. KENNEDY. You had had trouble——

Mr. PETERSON. Well, I had polio years back and I still have some damage.

Mr. KENNEDY. They might have conceivably thought that your leg had been broken?

Mr. PETERSON. That is right.

Mr. KENNEDY. Did you ever expand your business?

Mr. PETERSON. No, I didn't. The furthest I offered any service was a block away from my own place. Just among our members.

Mr. KENNEDY. Did you feel it safe to expand?

Mr. PETERSON. Basically I was not in that business, and I didn't intend to go into the business. I felt that the machines would be ruled out anyway, so I definitely did not make any plans to expand it. The city did vote those machines out that same year. So I don't believe that I had my machine up even a year.

Mr. KENNEDY. That is all.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Kelly.

The CHAIRMAN. Be sworn.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KELLY. I do.

TESTIMONY OF RALPH KELLY

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. KELLY. Ralph Kelly, 1029 St. Charles Road. Vending machine business.

The CHAIRMAN. In the vending business? I believe if you will get your gum disposed of, it will be helpful to you.

Thank you.

All right. Do you waive counsel?

Mr. KELLY. Yes.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Chairman, Mr. Kelly could be an extremely helpful witness, based on the information and testimony that we have had this morning and this afternoon concerning the threats that were made to him, the fact that he wanted to retire from the business, and what he related to his friends that the gangsters came in and wouldn't let him retire; that he had to take in a business partner; and that he was threatened with being dumped off a bridge with cement blocks on his legs if he didn't take in Mr. Pranno.

Mr. Kelly, would you tell us anything about your relationship with Mr. Pranno and how he came to be a business partner of yours?

Mr. KELLY. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. It is correct, is it not, Mr. Kelly, that you are too frightened to testify today?

Mr. KELLY. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. You could come in and tell us this whole situation, how this syndicate was able to move in and take over half of your business.

Mr. KELLY. I decline to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. Do you think more of those thugs, musclemen, hoodlums, who muscled in on you than you do of cooperating here in helping your Government?

Mr. KELLY. I decline to answer on the grounds it may tend to incriminate me.

Mr. KENNEDY. Mr. Kelly, you came from Chicago with Mr. Pranno. Every time you moved around in our office downstairs, Mr. Pranno followed right after you. When you walked down the hall, Mr. Pranno was following after you. He never allowed you out of his sight.

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Is Mr. Pranno here now?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Is he here?

Mr. PRANNO. Yes.

The CHAIRMAN. Mr. Pranno, come around.

You can sit in that chair right there. Have a seat.

All right, turn around, Mr. Kelly, and look at the man there just over your right shoulder.

Who is he?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you know him?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. What is there about him that may tend to incriminate you?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. We have the documents here, the agreement entered into between Ralph Kelly and Robert Pranno, dated June 18, 1957.

The CHAIRMAN. Mr. Kelly, I hand you here a photostatic copy of a document. It is dated June 10, 1957. The title of it is "Partnership Agreement." It appears to be signed by Robert Pranno and Ralph Kelly, witnessed by Joseph Gessler.

I present that document to you, ask you to examine it and state if you identify it.

(A document was handed to the witness.)

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Let the record show that the witness examined the document.

Is that your name, your signature on that document?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you ashamed of your name?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you ashamed of your signature?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you afraid of Pranno?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. That document may be made exhibit No. 54.

(Document referred to was marked "Exhibit No. 54" for reference and will be found in the appendix on p. 17212.)

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. May I read it into the record, Mr. Chairman?

The CHAIRMAN. There may be excerpts or all of it.

Mr. KENNEDY (reading):

JUNE 18, 1957.

PARTNERSHIP AGREEMENT

The agreement entered into by Ralph Kelly and Robert Pranno, on the 18th day of June 1957, to form the Aurora-Kane County Amusement Co., of 1029 St. Charles Road, Elgin, Ill., for the purpose of operating certain amusement machines at different locations for profit and shall share equally in same if any and that each shall put in his full time in the operation of this business.

Mr. Kelly, it is true, is it not, that you provided everything, you provided the machines, you had the locations, and had the know-how, and Mr. Pranno put in nothing?

Mr. KELLY. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. And this was the same arrangement that Mr. Pranno, with his boss, attempted to make with Mr. Poss as related this morning?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Poss was able to stand up to them and you were not; is that not correct?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Isn't all that Mr. Pranno invested in this partnership agreement the installation of fear, terror, in your thinking and in your feelings?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Are you afraid of that boy?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you think he is pretty fierce?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Did you know when you took him in as a partner he had been arrested and convicted for disorderly conduct, armed robbery, and burglary?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And that he was a lieutenant of Giancana?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. Giancana being the chief gunman for the old Al Capone mob?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And Mr. Pranno one of his musclemen?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you have a wife and children?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Has he got you so cowed you are afraid to admit that?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. All right, Mr. Kennedy, this witness is afraid to admit he has a wife and child because apparently he is afraid of that—what is that other fellow's name—Pranno?

Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Have you any questions, Senator Ervin?

Senator ERVIN. No, just an observation.

It certainly is a tragic state to see a man who comes in the shadow of the Capitol of his country who cringes in fear because he is afraid of a man who comes and demands that he share his property with him. That is what it amounts to. And be so afraid to make the specious claim that he can't even admit that he is a married man with children because he is afraid of somebody.

The CHAIRMAN. Keep your seat where you are, Mr. Kelly.

Let's call Pranno for the next witness.

Mr. Pranno, take the witness stand.

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. PRANNO. I do.

TESTIMONY OF ROCCO PRANNO

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. PRANNO. Rocco Pranno, 1029 St. Charles Road, Elgin, Ill. I am in the vending business.

The CHAIRMAN. All right. I believe it would be helpful too, if you would get rid of your gum. I think you can talk better.

All right, Mr. Kennedy, proceed.

Mr. KENNEDY. How long have you been in the vending business, Mr. Pranno?

Mr. PRANNO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Did you force yourself into the business?

Mr. PRANNO. I decline to answer on the ground that it may tend to incriminate me.

Mr. KENNEDY. Did you tell Mr. Kelly that you would drop him off the end of a bridge with concrete blocks on the ends of his feet unless he made you a partner?

Mr. PRANNO. I decline to answer that on the ground that it may tend to incriminate me.

Mr. KENNEDY. Did you tell Mr. Poss that you wanted him to turn over half of his business so that you could turn his locations into gambling establishments?

Mr. PRANNO. I decline to answer that on the ground that it may tend to incriminate me.

Mr. KENNEDY. How many other people have you muscled in on, Mr. Pranno?

Mr. PRANNO. I decline to answer that on the ground that it may tend to incriminate me.

The CHAIRMAN. Do you belong to any labor union?

Mr. PRANNO. I decline to answer that on the ground that it may tend to incriminate me.

The CHAIRMAN. Do you belong to any hoodlum association?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You have been convicted of disorderly conduct, armed robbery, and burglary?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. That can't tend to incriminate you, because they don't allow a man to be punished more than one time for the same offense.

The CHAIRMAN. Have you his record?

Mr. KENNEDY. Yes.

The CHAIRMAN. Who secured the record? Let us put it in.

Mr. Kaplan, you have been previously sworn.

State where you procured this man's record, this Pranno. State where you got his record and what it reflects.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

Mr. KAPLAN. Yes, sir. The record on Rocco Pranno was obtained through the U.S. Department of Justice, Federal Bureau of Investigation. Mr. Pranno has FBI No. 785212. It shows that he was picked up by the State police at Paw Paw, Mich., in 1934.

The CHAIRMAN. Just the arrests and convictions.

Mr. KENNEDY. I put the convictions in. He has been arrested three or four other times, Mr. Chairman. Those are the three convictions.

The CHAIRMAN. What convictions does his record show?

Mr. KAPLAN. In 1934, on June 5, he was arrested at River Forest, Ill., convicted of disorderly conduct, fined \$25 and costs; in Joliet, Ill., he was convicted of armed robbery on September 19, 1935, and given 1 year to life; and in Cook County he was picked up and convicted of burglary and malicious mischief which took place on January 15, 1946, and he was sentenced to 30 days in the house of correction.

The CHAIRMAN. Is that all of it?

Mr. KENNEDY. That is right.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. According to our information, he is associated with Sam "Mooney" Giancana, Marco Grittani, Joe "Crackers" Mendino, Don Amato, "Black Joe" Amato.

Is that right?

TESTIMONY OF ROCCO PRANNO—Resumed

Mr. PRANNO. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. It is interesting, Mr. Chairman, looking at an examination of the books and records of this company, and what happened to Mr. Kelly after Mr. Pranno became a partner. It becomes quite clear that the firm earned some \$30,000 a year net income, with gross receipts running from \$40,000 to \$47,000, and from an examination of the books we know that Mr. Kelly was making, from the company, in 1953, \$16,000, approximately; 1954, some \$16,000; 1955, \$16,000; 1956, \$14,000; and the last year that we have, 1957, which was when he got this partner who was going to help and assist him, he was \$7,000.

Your income was cut in half, was it not, Mr. Kelly?

TESTIMONY OF RALPH KELLY—Resumed

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Why did you give away half of your business to this man?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Did you get anything for it?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You did it simply out of fear, did you not?

Mr. KELLY. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you know Mr. Kelly?

TESTIMONY OF ROCCO PRANNO—Resumed

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Look over your left shoulder. Who is the man you see?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Are you proud of yourself for having him cowed and scared? Are you?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. It is also of some interest, Mr. Chairman, that Mr. Pranno had declared no income tax of any kind, had filed no income tax of any kind, with the Federal Government, up until 1956. He had paid no income tax.

According to certain information and accounting papers that we have, in 1957 he was saying that he was living on approximately \$3,500 a year.

Is that correct, that you said in 1957 you were living on \$3,500?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Can you give an answer to anything in the world that is decent and honest without self-incrimination?

Mr. PRANNO. I decline to answer that on the grounds it may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. You just figured you didn't have to file any income tax; is that right?

Mr. PRANNO. I decline to answer that on the ground that it may tend to incriminate me.

Senator ERVIN. Did you ever file an income tax return in your life before 1957?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. You certainly made more than \$600 a year, didn't you, before that time?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. Maybe you had some exemptions. Are you married?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. Have you any children?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. Where did you live during that time?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. When were you born?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Senator ERVIN. Do you have any parents living?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. What did you say your address was, Mr. Pranno?

Mr. PRANNO. 1029 St. Charles Road, Elgin, Ill.

Mr. KENNEDY. That is your place of business, is it not? What is your home address?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, that is the place of business.

That is not your home address.

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. Where do you live, Mr. Pranno?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Do you live in a place that you can't acknowledge without self-incrimination?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. I don't imagine your neighbors will be very proud of that statement.

All right, proceed.

Mr. KENNEDY. Mr. Chairman, also from an examination of the books and records, we can find no place where Mr. Pranno invested any money or paid any money for his interest in the business.

Isn't that correct, Mr. Pranno?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. You just were very successful in muscling in; isn't that right?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. And if these people cause you trouble, you call up their wives and tell them that you will have them beaten up or cripple their husbands or beat their children; is that right?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. Or get one of your assistants to do that, Mr. Pranno?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. If it is necessary, you and three or four other fellows will come along and beat somebody up?

Mr. PRANNO. I decline to answer that on the ground it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Kelly, are you going to let this man keep you under a state of fear the rest of your life?

Mr. KELLY. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Can't you break away from him?

Mr. KELLY. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. Are you proud to be under his heel?

Mr. KELLY. I decline to answer that on the ground it may tend to incriminate me.

The CHAIRMAN. I hope you will look at this guy and make up your mind that you are not going to let him, through fear and intimidat-

tion, continue to dominate your life. Life isn't that sweet; it isn't worth it.

Stand aside.

Mr. KENNEDY. Could I have 5 minutes?

The CHAIRMAN. The committee will stand in recess for 5 minutes.

(A short recess was taken, at which time the following members of the select committee were present: Senators McClellan and Ervin.)

The CHAIRMAN. The committee will come to order.

There has been a development that suggests that the committee should not continue hearings any further this afternoon.

We will now take a recess until 10 o'clock tomorrow morning.

(Members of the select committee present at time of recess: Senators McClellan and Ervin.)

(Whereupon, at 3:18 p.m. the select committee recessed, to reconvene at 10 a.m., Friday, February 20, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

FRIDAY, FEBRUARY 20, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Frank Church, Democrat, Idaho; Senator Barry Goldwater, Republican, Arizona; Senator Karl E. Mundt, Republican, North Dakota; Senator Carl T. Curtis, Republican, Nebraska; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman Willse, investigator; Walter De Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan, Ervin, and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Robert Lindeloff.

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LINDELOFF. I do.

TESTIMONY OF ROBERT L. LINDELOFF

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. LINDELOFF. My name is Robert Lindeloff. I live at 8128 Laramie Avenue, Skokie, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. LINDELOFF. I am in the music business.

The CHAIRMAN. Sir?

Mr. LINDELOFF. I am in the music business, coin-operated phonographs.

The CHAIRMAN. You waive counsel, do you?

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Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. All right, Mr. Kennedy; proceed.

Mr. KENNEDY. You are the major stockholder and general manager of the General Music Corp.?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. Which is a jukebox operation having approximately 450 machines?

Mr. LINDELOFF. Around 400 to 450.

Mr. KENNEDY. And you are also president of the Music Operators of Northern Illinois?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. MONI, which is located in Skokie, Ill.?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. That organization came into existence in approximately 1950; is that right?

Mr. LINDELOFF. I don't remember the date.

Mr. KENNEDY. Approximately?

Mr. LINDELOFF. I would say that is probably true.

Mr. KENNEDY. And you pay dues of 25 cents per month per machine; is that right?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And you have your locations listed with the association?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And that is to prevent jumping between various members of the association, jumping of locations?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. You are familiar with the operation of the Apex Music Co?

Mr. LINDELOFF. I know of them.

Mr. KENNEDY. That is operated by Eddie Vogel; is that right?

Mr. LINDELOFF. Well, I have read articles in the paper that he is connected with that company.

Mr. KENNEDY. Your association goes from the border of Wisconsin on the north, to Chicago on the south; is that right?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And from Lake Michigan on the east to the city of, and including, Aurora, Ill., on the west?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. In that area, Mr. Lindeloff, had you been having difficulties over the period of the last 3 or 4 years from members of the so-called syndicate, the underworld, moving into that area with various companies?

(At this point Senator Ervin entered the hearing room.)

Mr. LINDELOFF. At this time I have no direct personal knowledge that these people who are competitors are, as you state, of the underworld.

The CHAIRMAN. You could be a little more helpful if you would take your pipe out of your mouth and talk into the microphone. I can hardly hear you.

Mr. LINDELOFF. I am sorry.

Mr. KENNEDY. You, as president of the association, have information that various members of the syndicate have established companies

and attempted to take locations from the members of the association over the period of the past 3 or 4 years?

Mr. LINDELOFF. I didn't get the question.

Mr. KENNEDY. As president of the association, you have information which indicates that the members of the syndicate, of the underworld, have moved into the area in which your association has machines, and attempted to take locations from the association members?

Mr. LINDELOFF. We have an attorney for the association. I have not been too close to those matters for the past years.

Mr. KENNEDY. Mr. Lindeloff, you and I had a conversation in Chicago, did we not, about 6 weeks ago, or a month ago?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And didn't you indicate to me at that time that members of the syndicate in the various counties outside of Chicago had attempted to take over the operation of the coin machines? Black Joe Amato in McHenry County; Joe "Crackers" Mendino in Lake County; Tony Perotti in Du Page County?

Mr. LINDELOFF. I have no direct personal knowledge of—

Mr. KENNEDY. Nobody except those people who work with the syndicate will have their own personal, direct knowledge. I am asking you as president of the association, and having lived in this industry, being one of the largest operators.

I am asking you the question as I asked you in Chicago, if it is not true that members of the syndicate or companies that are backed by the syndicate have not been attempting to move into the industry in these counties over the period of the past 3 or 4 years?

Mr. LINDELOFF. We have competition; yes.

Mr. KENNEDY. And it is from companies that are owned or controlled by the underworld or the syndicate? It has been that kind of competition?

Mr. LINDELOFF. Well, I don't know who these people are.

Mr. KENNEDY. But you understand that they are from your experiences with them, from your conversations that you have had with your fellow operators, that these are members of the underworld or underworld-backed companies?

Mr. LINDELOFF. I wouldn't care to state that.

Mr. KENNEDY. Why wouldn't you care to state it?

Mr. LINDELOFF. Because I don't have any direct, personal knowledge as to that fact.

Mr. KENNEDY. I am asking you if you, based on your experience, Mr. Lindeloff, based on your experience and the conversations you have had with your fellow operators, if this is not true; if you do not believe that this is true?

The CHAIRMAN. Go ahead.

Mr. LINDELOFF. I don't know.

The CHAIRMAN. Well, you talk to your associates about your competition. Don't you discuss your competition in terms of the syndicate, the organized opposition taking over? Don't you mention it to each other and talk about it in that fashion?

Mr. LINDELOFF. We mention our competition; yes, that take locations.

The CHAIRMAN. All right; that is what you regard it when you discuss it and talk about it with each other; is that true?

Mr. LINDELOFF. I would say that it is.

The CHAIRMAN. Sir?

Mr. LINDELOFF. I would say that it is.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Didn't you state, for instance, in a conference out in Chicago, not with me but with others, that the reason was "that all at once in McHenry County, and in which some of our members operate, there was a branch of the syndicate that operates there. They had never been in the jukebox business up to that time, and they decided to go into the jukebox business and take over everything. In other words, they didn't want us to have everything."

You made that statement. You made that statement to me in Chicago, a statement similar to that, did you not?

Mr. LINDELOFF. I don't remember.

Mr. KENNEDY. Well, isn't this correct, what I read to you here? Isn't that a correct account of the situation?

Mr. LINDELOFF. I don't remember if I said that or not.

Mr. KENNEDY. Well, is it correct?

Mr. LINDELOFF. Well, I expect you could say that.

Mr. KENNEDY. What?

Mr. LINDELOFF. I expect you could say that.

The CHAIRMAN. What can you say?

Mr. LINDELOFF. I don't know. I have nothing to say.

The CHAIRMAN. What?

Mr. LINDELOFF. I have nothing to say.

The CHAIRMAN. What is wrong with you? Are you scared?

Mr. LINDELOFF. No.

The CHAIRMAN. Well, are you wanting to protect some of these folks that are in the syndicate, who are your competitors, to try and keep from disclosing what you know about it? Is that it?

Mr. LINDELOFF. No. I don't have any love for any of those people. I have heard or read articles in the newspaper and the likes. I don't have any love for any of those kind of people.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Isn't it true, Mr. Lindeloff, that you have cooperated with the district attorney and the U.S. attorney in Chicago, that you cooperated for a year, that you turned over all of this information about these syndicate operations, that ultimately an investigation occurred and nothing came out of it, and from then on you decided that you don't want to cooperate with any Federal agencies or Government agencies?

Isn't it a fact that you are frightened to cooperate and help now?

Mr. LINDELOFF. No, I wouldn't say that.

Mr. KENNEDY. What is the reason that you won't give us the information now?

Mr. LINDELOFF. Well, at this time I just don't have any direct personal knowledge of it. I don't remember what took place some years ago. Lots of things have went through my mind since that time. Whatever you say I said at that time, I don't recollect whether I said it or not.

Mr. KENNEDY. Isn't it a correct account of the facts that this kind of an operation is taking place and is taking place today in the counties outside of Chicago?

Mr. LINDELOFF. The newspapers state that.

Mr. KENNEDY. You know it is more than the newspapers. You know you, yourself, have knowledge about that, because you are in the industry, and you are losing your locations to these people. You know that your fellow operators in the council have been threatened, their machines have been thrown out in the street. Isn't that correct?

Mr. LINDELOFF. I have heard those stories. I have read them in papers.

Mr. KENNEDY. You have been threatened yourself?

Mr. LINDELOFF. No, sir.

Mr. KENNEDY. You have never been threatened?

Mr. LINDELOFF. Never.

Mr. KENNEDY. Did you tell me in Chicago that you were scared?

Mr. LINDELOFF. I don't remember.

Mr. KENNEDY. Do you deny that you told me that?

Mr. LINDELOFF. I don't remember.

Mr. KENNEDY. Mr. Lindeloff, isn't it a fact that because you were so worried and concerned about this operation that you had a conversation with "Jukebox Smitty" about trying to control the operations of the syndicate a couple of years ago?

Mr. LINDELOFF. Mr. Smith came to my office, and stated that he could organize the county operators, have a similar arrangement as there was in Chicago.

Mr. KENNEDY. What was that arrangement?

Mr. LINDELOFF. The arrangement that all employees would belong to the union.

Mr. KENNEDY. And that would give you protection?

Mr. LINDELOFF. Yes. It would help to control the situation.

Mr. KENNEDY. And the protection that you needed at that time was against this syndicate operation?

Mr. LINDELOFF. Well, I don't like to use the term "syndicate." As I stated before, I don't have any direct, personal knowledge that these people are the so-called syndicate.

The CHAIRMAN. Who did Smith represent? A union?

Mr. LINDELOFF. He represents the Electrical Union.

The CHAIRMAN. He came to you in that capacity; that is as an official of the union?

Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. Proceed.

Senator CURTIS. Mr. Chairman, could I ask a question?

The CHAIRMAN. Senator Curtis.

Senator CURTIS. In about how many counties do you conduct your business?

Mr. LINDELOFF. My own company or the association?

Senator CURTIS. Your own company.

Mr. LINDELOFF. We operate in Lake, McHenry, Du Page, and Cook.

Senator CURTIS. Is your business confined to musical instruments that are coin operated, or do you also have other coin-operated machines?

Mr. LINDELOFF. We have absolutely nothing but music.

Senator CURTIS. Nothing but music. What types of businesses generally do you locate your machines in?

Mr. LINDELOFF. Restaurants, taverns, confectionery stores.

Senator CURTIS. This has perhaps been covered in the record, so I will be very brief about it. I need a little background as to how you operate.

You own the machines and own the records, and you enter into an arrangement to place that in someone's restaurant; is that correct?

Mr. LINDELOFF. Yes, sir.

Senator CURTIS. Then your company representatives come by periodically to service the machine and take out the coins, and that sort of thing; is that true?

Mr. LINDELOFF. Yes, sir.

Senator CURTIS. Does the restaurant owner have anything to do with any responsibility so far as the operation is concerned, and the removal of coins, repair, and the like?

Mr. LINDELOFF. No, sir.

Senator CURTIS. Have you lost any locations, say, in the last 2 years?

Mr. LINDELOFF. Yes, sir.

Senator CURTIS. That business that you lost—Were your customers satisfied?

Mr. LINDELOFF. Well, we lost the customers. They might tell us that the new operator is friends of theirs or something of that nature.

Senator CURTIS. Do you know who got the business in those cases where you lost the business?

Mr. LINDELOFF. I didn't get that, sir.

Senator CURTIS. To whom did you lose the business? What was the name of the concern?

Mr. LINDELOFF. Various companies.

Senator CURTIS. What were some of them?

Mr. LINDELOFF. North Shore Music.

Senator CURTIS. Do you know who the men are back of North Shore Music?

Mr. LINDELOFF. No, I do not.

Senator CURTIS. Who else got some of the business that you lost?

Mr. LINDELOFF. Well, there was Northern Illinois Music Co.

Senator CURTIS. I didn't hear you.

Mr. LINDELOFF. Northern Illinois Music Co. in Du Page County.

Senator CURTIS. Who else got business that you used to have?

Mr. LINDELOFF. Apex Phonograph Co., in Cook County.

Senator CURTIS. Are there any others?

Mr. LINDELOFF. I don't recall any others at this time.

Senator CURTIS. How about the E-Z Co.? Have you lost any business to them?

Mr. LINDELOFF. I did not lose any business to E-Z Music.

Senator CURTIS. About how many people do you employ?

Mr. LINDELOFF. Fourteen.

Senator CURTIS. Fourteen?

Mr. LINDELOFF. Including myself.

Senator CURTIS. And how many, roughly, are office or administrative and how many are out to service the machines?

Mr. LINDELOFF. There is three in the office.

Senator CURTIS. The rest are——

Mr. LINDELOFF. That is including myself.

Senator CURTIS. The rest of the people are out handling the machines, installing them, looking after them, and making the contacts; is that correct?

Mr. LINDELOFF. That is correct.

Senator CURTIS. Are those people members of unions, those employees?

Mr. LINDELOFF. Yes, sir.

Senator CURTIS. What union?

Mr. LINDELOFF. What union?

Senator CURTIS. Yes.

Mr. LINDELOFF. Local 134 of the Electrical Workers.

Senator CURTIS. Are the restaurant owners and tavern owners where these are located—are they required to belong to the union?

Mr. LINDELOFF. I do not know, sir.

Senator CURTIS. I don't mean generally. I mean in those places where you do business.

Mr. LINDELOFF. I have no direct, personal knowledge that any of the locations are unionized.

Senator CURTIS. No, I don't mean unionized as to their own employees, but are they required to belong to the union for any reason emanating out of the fact that they have one of your machines there?

Mr. LINDELOFF. I would say not.

Senator CURTIS. That was the angle I was interested in.

You mentioned three or four companies, at least three, that you had lost business to. Have you lost quite a little business?

Mr. LINDELOFF. Quite a few.

Senator CURTIS. And you had given good service?

Mr. LINDELOFF. We feel that we have.

Senator CURTIS. And no major complaints about your machines or about your treatment your employees gave people?

Mr. LINDELOFF. No.

Senator CURTIS. You do not feel that it was because of a failure of either merchandise or service that you lost the business, do you?

Mr. LINDELOFF. No.

Senator CURTIS. Did anyone ever suggest to you anything you might do that would prevent you from losing business?

Mr. LINDELOFF. Mr. Thomas Smith.

Senator CURTIS. What did he suggest might be done?

Mr. LINDELOFF. That if the country operators were organized, they could take care of those matters.

Senator CURTIS. By organized means that they would join what?

Mr. LINDELOFF. The Electrical Workers Union.

Senator CURTIS. By country operators, to whom was he referring?

Mr. LINDELOFF. The operators outside of Chicago.

Senator CURTIS. But your workers were unionized, were they?

Mr. LINDELOFF. My men were unionized that worked within the city limits of Chicago.

Senator CURTIS. But not elsewhere?

Mr. LINDELOFF. Not elsewhere at that time.

Senator CURTIS. And he indicated to you that your competition would not be so tough if your operators were unionized outside of Chicago; is that correct?

Mr. LINDELOFF. They had done a reasonable job in Chicago and we were satisfied that they would probably do the same job in the country.

Senator CURTIS. Did he make any recommendation about anybody else being unionized? I am referring to the restaurant owners and tavern owners.

Mr. LINDELOFF. No.

Senator CURTIS. Do you believe that had you followed his suggestion you would not have lost all of that business?

Mr. LINDELOFF. I don't know if I understand your question.

Senator CURTIS. You said that this man Smith, or Smitty, had suggested that maybe the competition would not be quite so tough if your operators outside of Chicago were unionized.

Now, is it your opinion that had you followed his advice you would not have lost all the business you did; or did you follow his advice?

Mr. LINDELOFF. We did follow his advice.

Senator CURTIS. When did you begin doing that? Just approximately?

Mr. LINDELOFF. I don't remember the date, sir.

Senator CURTIS. Well, about what year?

Mr. LINDELOFF. Possibly 3 years ago.

Senator CURTIS. The loss in business that was incurred, that you mentioned to me, was that a loss that occurred prior to that time, 3 years ago, or since then?

Mr. LINDELOFF. Some of it prior; some of it since.

Senator CURTIS. What caused the loss of business then?

Mr. LINDELOFF. The same things that always caused it.

Senator CURTIS. What was that?

Mr. LINDELOFF. Some other competitive operator replacing our equipment.

Senator CURTIS. Do you contend that it was just straight, open and fair, aboveboard, competition?

Mr. LINDELOFF. I wouldn't say that.

Senator CURTIS. Well, what was there about it that was not?

Mr. LINDELOFF. Well, they would make exorbitant loans; they would purchase interests in places.

Senator CURTIS. When they would make a loan, that would be a loan to the tavern owner or the restaurant owner?

Mr. LINDELOFF. Right.

Senator CURTIS. Would it be for jukebox equipment or would it be for other purposes or equipment?

Mr. LINDELOFF. It would be for their general business.

Senator CURTIS. And you were not engaged in that?

Mr. LINDELOFF. No, sir. A very small percentage of any loans. Only to a few of our customers that we have had many, many years.

Senator CURTIS. Did anybody borrow any money that didn't need it?

Mr. LINDELOFF. That isn't needed?

Senator CURTIS. Yes.

Mr. LINDELOFF. I don't believe so.

Senator CURTIS. That is all.

Mr. KENNEDY. Smitty came to see you about joining the union and the idea was to supply the same protection that they had inside of Chicago, is that right, for the operators?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. So there would not be jumping of locations?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. And he was going to bring you peace, supposedly peace, in the industry outside of Chicago?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. You agreed to make an arrangement with him?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. And he had with him at that meeting Mr. Michael Dale?

Mr. LINDELOFF. I believe that is correct.

Mr. KENNEDY. Who is Mike Dale?

Mr. LINDELOFF. He runs the Commercial Phonograph Service.

Mr. KENNEDY. Commercial Phonograph Service. What reason was—

Mr. LINDELOFF. Commercial Phonograph Survey Co.

Mr. KENNEDY. The Commercial Phonograph Survey Co.; that is correct. What was the reason he was present at this meeting?

Mr. LINDELOFF. To arrange for an agreement whereby we would subscribe to his service.

Mr. KENNEDY. So you were going to have to join in order to get this peace outside of Chicago, you were going to have to join the union and also subscribe to Michael Dale's service; is that right?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. How much were you to pay to the union?

Mr. LINDELOFF. The union dues were \$10 a quarter.

Mr. KENNEDY. For each person?

Mr. LINDELOFF. That is right.

Mr. KENNEDY. Was there an initiation fee?

Mr. LINDELOFF. I don't remember, and I don't believe that there was.

Mr. KENNEDY. And what were you going to pay to Michael Dale, of Commercial Phonograph Survey Co.?

Mr. LINDELOFF. Fifty cents a month per phonograph.

Mr. KENNEDY. So did you agree to these arrangements?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. Inside of Chicago, Michael Dale received 90 cents per phonograph, but outside of Chicago it was to be 50 cents per phonograph?

Mr. LINDELOFF. I believe that is correct.

Mr. KENNEDY. Because they are less profitable outside of Chicago, is that the idea?

Mr. LINDELOFF. That is correct.

Mr. KENNEDY. So how much money did you pay over then? You paid for the union dues, and what other moneys did you pay over?

Mr. LINDELOFF. The employees paid their union dues.

Mr. KENNEDY. How much did you operators pay over then?

Mr. LINDELOFF. We paid the 50 cents per month per phonograph that we operated.

Mr. KENNEDY. How much did that amount to, at the beginning?

Mr. LINDELOFF. I don't remember the exact amount. I would say in the neighborhood of \$2,200 or \$2,300.

Mr. KENNEDY. That was for \$2,473; is that correct?

Mr. LINDELOFF. I stated that I don't remember the exact amount.

Mr. KENNEDY. Well, approximately that amount?

Mr. LINDELOFF. I would say that was it.

Mr. KENNEDY. That was for the quarter, was it?

Mr. LINDELOFF. That was for the quarter.

Mr. KENNEDY. Was the understanding or idea that you would keep the money in escrow to see if this group could produce?

Mr. LINDELOFF. That is right.

Mr. KENNEDY. What they were going to produce is labor peace and protection against this syndicate operation, was it not?

Mr. LINDELOFF. The dues we were to pay Commercial Survey was to be used to combat and meet unfair competitive practices.

Mr. KENNEDY. And this unfair competitive practice was in the form of this syndicate operation, was it not, as you have described it to me, in Chicago, and described it to others?

Mr. LINDELOFF. I would say that is probably correct.

Mr. KENNEDY. All right, and so did you take the money and keep it in escrow to see if they could perform this service?

Mr. LINDELOFF. That is true.

Mr. KENNEDY. And did you find out after 3 months that they were able to give you this protection?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. Did you then pay over the money to Michael Dale?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. Now, what happened after 3 months?

Mr. LINDELOFF. There was another company started in business.

Mr. KENNEDY. Did they start taking locations?

Mr. LINDELOFF. Not from me direct.

Mr. KENNEDY. But from members of your association?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. So what was the name of that company?

Mr. LINDELOFF. E-Z Music.

Mr. KENNEDY. Now, that is the company that is controlled by Black Joe Amato, run in the name of his son, Don Amato?

Mr. LINDELOFF. Well, I believe they run, or newspapers have stated that they are the owners.

Mr. KENNEDY. And you also, some of your people have told you that they have seen boxes belonging to Don Amato or belonging to the E-Z Music Co., stored in Black Joe Amato's warehouse, have they not?

Mr. LINDELOFF. Someone told me that, you mean?

Mr. KENNEDY. Yes.

Mr. LINDELOFF. I am sorry, I don't remember.

Mr. KENNEDY. Did you see it yourself?

Mr. LINDELOFF. No, sir.

Mr. KENNEDY. Did one Chuck Rossmiller tell you that?

Mr. LINDELOFF. I don't believe so.

Mr. KENNEDY. And you never heard this before?

Mr. LINDELOFF. I don't recall.

Mr. KENNEDY. Did Mr. Hesch tell you that?

Mr. LINDELOFF. I don't recall anyone telling me that.

Mr. KENNEDY. Did you understand then that this company which was in the name of Don Amato was in fact Black Joe Amato's company?

Mr. LINDELOFF. I assumed that that is who it was.

Mr. KENNEDY. And they started an operation, then, after you had paid this money over to Michael Dale?

Mr. LINDELOFF. That is correct.

Mr. KENNEDY. And they started taking away locations?

Mr. LINDELOFF. That is correct.

Mr. KENNEDY. All right. Did you have some further conversations with Smith, and Smith was down in Florida at the time?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. Was a telephone call placed to Smith?

Mr. LINDELOFF. That is right.

Mr. KENNEDY. And did he return then from Florida shortly afterward?

Mr. LINDELOFF. Yes, he did.

Mr. KENNEDY. Did you have a conversation with him?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. Will you relate the conversation?

Mr. LINDELOFF. I don't remember the exact conversation. That is some time back.

Mr. KENNEDY. Mr. Lindeloff, I don't like to put you in this position of giving this information, but we have no alternative to it. Now, we need the information, and you have it. You had a conversation with Smith. Your memory has become awfully blank in the last 6 weeks. It is not a question of something you knew 2 years ago, but you had this information when I talked to you in Chicago, just a month or 6 weeks ago.

What was the conversation that you had with Smith?

Mr. LINDELOFF. I don't remember exactly what the conversation was. I remember some parts of it.

Mr. KENNEDY. Well, will you relate what you can remember, please.

Mr. LINDELOFF. About the only part that I can remember is that I told him that we had made an agreement and we expected him to live up to it.

Mr. KENNEDY. Yes?

Mr. LINDELOFF. It seems that he stated that there wasn't anything he could do about it, this was beyond his control, or something of that nature.

Mr. KENNEDY. He said that the names and people were too big?

Mr. LINDELOFF. I believe he stated that he was doublecrossed, or something of that nature, and I just don't remember exactly.

Mr. KENNEDY. That he could not stand up to these people who were behind these companies?

Mr. LINDELOFF. Well, it was something like that. I don't just remember the exact words, sir.

Mr. KENNEDY. Did 3 days later he come back and return the \$2,000 to you?

Mr. LINDELOFF. I received a check in the mail from the Survey Co., and I don't know the time, and it doesn't seem to me it was that soon.

Mr. KENNEDY. Shortly afterward he returned \$2,000, or \$2,000 was returned?

Mr. LINDELOFF. It was some time later, and I don't think it was immediately.

Mr. KENNEDY. Well, shortly afterward?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. Was one of your members Sam Ferugio?

Mr. LINDELOFF. He was not directly a member. He worked for a company that was a member at one time.

Mr. KENNEDY. Did he relate to you the conversation that he had with Joey Glimco of the Teamsters Union, of Local 777, about the situation?

Mr. LINDELOFF. Well, I think that there was some conversation about it, but I just don't remember what it was.

Mr. KENNEDY. Didn't he tell you that he was a very close friend of Joey Glimco, and he had spoken to him at his office on Blue Island Avenue in order to straighten the mess out? Didn't he tell you that?

Mr. LINDELOFF. I believe he did say something to that effect.

Mr. KENNEDY. And Glimco told him that if it was a question of protecting a half dozen locations, for Ferugio, he could arrange it, but insofar as it concerned the whole group he could do nothing to stop the syndicate movement?

Mr. LINDELOFF. I don't remember that part.

Mr. KENNEDY. Let me go back again.

What did he say then, or what did he say Glimco said after he went to him to try to get him to straighten the matter out?

Mr. LINDELOFF. I believe he said that there wasn't anything that he could do.

Mr. KENNEDY. Didn't he tell him that he could straighten it out for a few locations but he couldn't straighten it out for all of the locations?

Mr. LINDELOFF. I believe that there was conversation along that line, but I just don't recall exactly what it was.

Mr. KENNEDY. Isn't it true that this is beyond just the taking of locations, and the fact that this effort by you to protect your locations and to keep yourselves protected from the syndicate went beyond that, and that you were also forced to buy records from a gangster-run company?

Mr. LINDELOFF. I believe that is true.

Mr. KENNEDY. And isn't it correct that at the present time you have to buy a certain percentage of your records from that company?

Mr. LINDELOFF. That is true.

Mr. KENNEDY. That is the Lormar Co.?

Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. What would happen to you if you didn't?

Mr. LINDELOFF. Well, I don't know, sir.

The CHAIRMAN. What do you anticipate, and what are you apprehensive about, and why do you say that you have to or there is some compulsion? What is it?

Mr. LINDELOFF. Well, I have heard stories where they have gone into the jukebox business.

The CHAIRMAN. In other words, you are afraid of reprisals in the nature of vandalism or personal violence to you, or the taking over of your business; is that correct?

Mr. LINDELOFF. I don't believe that I would say that I am afraid of personal violence.

The CHAIRMAN. What will you say?

Mr. LINDELOFF. I would say that they might have taken some business away from me had I not cooperated.

Mr. KENNEDY. The way they take business away is not the ordinary way that a competitor operates. You are not afraid of a competitor. The reason that you are afraid of them is because of the fact that this is a company, the Lormar Distributing Co. is a company controlled by the syndicate.

Mr. LINDELOFF. I have no direct personal knowledge.

Mr. KENNEDY. Isn't that the reason that you are afraid, because this is a gangster-run company, and that you have to buy a certain percentage of records from them?

Mr. LINDELOFF. I wouldn't like to make that statement.

Mr. KENNEDY. Well, what is the reason that you are buying a certain percentage of your records, and every distributor and operator in Chicago has to do it now.

Mr. LINDELOFF. The reason is to keep them from going into the jukebox business and taking business from me.

Mr. KENNEDY. And it is because they are controlled by gangsters that they would be successful in doing that?

Mr. LINDELOFF. I wouldn't care to make that statement.

Mr. KENNEDY. Well, isn't that correct?

Mr. LINDELOFF. It may be.

The CHAIRMAN. Do you believe it to be true?

Mr. LINDELOFF. It may be, sir.

The CHAIRMAN. Do you believe it to be true?

Mr. LINDELOFF. Well, I have heard stories and I have read articles.

The CHAIRMAN. I am not talking about what you have heard. I am asking you do you believe it to be true.

Mr. LINDELOFF. I have no direct personal knowledge.

The CHAIRMAN. I didn't ask you that. You say you have no direct knowledge, and I am asking you, do you believe it to be true, that they would use those methods to take your business?

Mr. LINDELOFF. I think that they probably would.

The CHAIRMAN. All right.

Mr. KENNEDY. This is a company, the Lormar Distributing Co., which has as its director or one of its controlling figures, Mr. Chuck English.

(At this point Senator Church entered the hearing room.)

Mr. LINDELOFF. I have heard that he was connected with them.

Senator ERVIN. Mr. Chairman, if I may make an observation at this point, one of the tragic conditions in the United States today as disclosed by the investigations of this committee lies in the fact that racketeers have assumed a position of such power in many areas of this country that when this committee tries to ascertain the truth about their activities we find that many of the witnesses have much more discretion than they have valor.

The CHAIRMAN. All right, proceed.

(Members of the select committee present at this point in the proceedings were Senators McClellan, Ervin, Church, Goldwater, Curtis, and Capehart.)

Mr. KENNEDY. Isn't it correct that they charged you and charged the rest of the distributors and operators 5 cents more a record than you would have had to pay from their competitors?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And still you went and purchased your records from them?

Mr. LINDELOFF. Yes, sir.

Mr. KENNEDY. And you were not alone. That procedure was followed by everybody that you know of, everybody purchased their records, or at least a certain percentage?

Mr. LINDELOFF. Well, that is not quite correct. What is known as the One-Stop Record Service is a company, according to my knowledge, a company in the business of selling records to the various operators, music stores and such, and this one-stop service handles and deals in all labels of records made. So, thereby, a music operator may go to the one-stop service and obtain one or two or five or whatever he may need of any make of record that is available in that area, in popular demand in that area, such as Victor, Decca, Mercury, the many other labels.

If the operator did not buy records from the one-stop service, he would have to maybe make 10, 15 stops in a day to the different record companies to pick up those records.

It is that service, I understand, that they charge 5 cents over the wholesale cost for.

Mr. KENNEDY. In competition with the other companies who are one-stop record companies?

Mr. LINDELOFF. That is correct.

Mr. KENNEDY. And the people that purchase from one-stop record companies, people in this industry, the ones who purchase a certain percentage of their records from this Lormar Distributing Co.?

Mr. LINDELOFF. I think that is true.

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. What make records does this Lormar Co. have?

Mr. LINDELOFF. They handle all labels.

Senator CAPEHART. All labels?

Mr. LINDELOFF. All major labels.

Senator CAPEHART. What are the names of them? They handle all of the records, all records that are made, every make?

Mr. LINDELOFF. Everything that is popular in the Chicago area.

Senator CAPEHART. The record companies themselves have exclusive distribution centers for their records only?

Mr. LINDELOFF. I don't think I understand you, Senator.

Senator CAPEHART. Well, like RCA Victor, they have their own distribution in Chicago?

Mr. LINDELOFF. That is right. We buy direct from RCA Victor, also.

Senator CAPEHART. And Decca has its distribution?

Mr. LINDELOFF. They do.

Senator CAPEHART. But this one-stop company handles all of them?

Mr. LINDELOFF. They handle all makes.

Senator CAPEHART. Decca, Columbia, RCA Victor, all of them?

Mr. LINDELOFF. Part of their service is that the operator only has to make one stop instead of 10 or 15 to get records.

Senator CAPEHART. And they buy their records directly from the manufacturers?

Mr. LINDELOFF. I presume they buy them direct from the manufacturer the same as we do.

Mr. KENNEDY. Did you formerly purchase your records from distributing companies?

Mr. LINDELOFF. Do you mean from the manufacturer direct?

Mr. KENNEDY. Yes.

Mr. LINDELOFF. We still do.

Mr. KENNEDY. Can you get a better price from the manufacturer directly than from a one-stop?

Mr. LINDELOFF. Sure.

Mr. KENNEDY. Can anybody that buys from the manufacturer get better prices than the one-stop?

Mr. LINDELOFF. If he buys in sufficient quantity.

Mr. KENNEDY. Then why did you start buying from the one-stop at all, from the Lormar Distributing Co.?

Mr. LINDELOFF. I think I stated that before.

Mr. KENNEDY. So this was not just a question of having to pay more to the competitor, 5 cents more than you would have had to pay if you purchased from the competitors of one-stop, but also you had formerly purchased from distributing companies directly and now you started buying from one-stop; is that right?

Mr. LINDELOFF. We still buy from the companies direct.

Mr. KENNEDY. What percentage of your records do you have to buy from Lormar?

Mr. LINDELOFF. About 50 percent.

Mr. KENNEDY. Fifty percent.

And you lose how much on each record? If you could buy directly from the distributing company—

Mr. LINDELOFF. I would say approximately a nickel a record, \$5 a hundred.

Mr. KENNEDY. Were you ever urged at any time to push the record of any particular singer?

Mr. LINDELOFF. Once.

Mr. KENNEDY. Who was that?

Mr. LINDELOFF. Mr. Glimco called me and asked me to announce at our next operators' meeting and tell the operators to put Tommy Leonetti's popular record of that day on the No. 1 spot of their phonographs, which I did not do.

Mr. KENNEDY. Did you understand that some of the other distributors were contacted in the same manner?

Mr. LINDELOFF. I really don't know.

Mr. KENNEDY. Well, from your conversation with them, did you understand that they were also contacted?

Mr. LINDELOFF. I believe they possibly called lots of people and told them that.

Mr. KENNEDY. That was your understanding, was it not?

Mr. LINDELOFF. It was my thought; yes.

Mr. KENNEDY. That its Tommy Leonetti?

Mr. LINDELOFF. Yes.

Mr. KENNEDY. And do you remember what his song was at that time?

Mr. LINDELOFF. I do not remember.

Mr. KENNEDY. Mr. Chairman, I might say that we have found out more information on this, and it confirms the story this witness has stated. We also interviewed Mr. Leonetti, and he stated to the committee that this activity might have been going on by these underworld figures in Chicago; that he was managed by a man that had some underworld connections; but that at the time that this was going on,

he was not aware of the fact that the man had these underworld connections, nor that the underworld was pushing his song.

He further pointed out that it was not a successful venture, because while he was being managed by this man, he did not make money but came out rather poorly, and that he ultimately changed managers.

He was not aware of the fact that these people had these underworld connections or were using these underworld connections in order to push his records.

I felt that we should put that into the record in fairness to him.

The CHAIRMAN. Just so there will be no wrong impression, that anyone would get the impression that the committee is trying to put words into your mouth, I want to ask you if you recall having had a conference in the courthouse on February 17, 1956, at which your conversation there was recorded. It was pertaining to this same matter, this subject matter, the matter of \$2,000, or \$2,375, the return of it. Do you recall that conference?

You were present and a Mr. Hesch. Do you remember that?

Mr. LINDELOFF. Who?

The CHAIRMAN. H-e-s-c-h, Mr. Hesch.

Mr. LINDELOFF. If you mean did I testify before the Federal grand jury, yes.

The CHAIRMAN. I don't know whether this is before a grand jury.

Mr. KENNEDY. No, it is not.

The CHAIRMAN. This is not before the grand jury. It is about the time you testified before the grand jury or shortly before.

Mr. LINDELOFF. I have had many conversations. I don't remember—

The CHAIRMAN. I just don't want any wrong impression here that we are trying to put words into your mouth, when we refer to a syndicate, and don't you know that there is a syndicate and so forth?

I want to read you some of the things you said in that conference in answer to questions.

Mr. LINDELOFF. Before the Federal grand jury?

The CHAIRMAN. No, not the grand jury. In a conference there in the courthouse with some other people present before you testified before the grand jury.

Let me read it and see if it refreshes your memory.

We can make proof of this if we have to.

Mr. LINDELOFF. I am sure you can.

The CHAIRMAN. All we are trying to get you to do is simply to cooperate, and tell what you know, and not have us twist and squirm like we are trying to pull eyeteeth. Just go on and tell what you know.

Just to show you how much trouble we have had getting the facts out of you, as compared to what you said in the past, here is a question:

Question: Well, you already stated, I believe, that this payment of 50 cents per month was actually to avoid having any labor difficulties, or to avoid muscling in by the hoodlum elements.

Your answer was: "That is correct."

Do you recall that?

Mr. LINDELOFF. We discussed that here this morning.

The CHAIRMAN. All right. But how much trouble have we had to get it out of you? I just wanted this record to refresh your mind,

and I wanted to quote from it here so that it would not appear, and no one could get an erroneous impression, that this committee is trying to put words into your mouth.

The questions you have been asked are based on statements you have made heretofore.

I will call your attention to another one. You were asked:

You stated previously that you paid approximately \$2,375.

Your answer was "Yes."

That is what you testified to here, is that not correct?

Mr. LINDELOFF. I testified that I did not remember the exact amount, sir.

The CHAIRMAN. Well, it was somewhere in that neighborhood, was it not?

Mr. LINDELOFF. It is in that neighborhood.

The CHAIRMAN. You got \$2,000 back, did you not?

Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. Then you were asked:

* * * to this Coin Machine Service Co., and that \$2,000 of it had been returned. The question was why was it returned, and how?

Do you remember being asked that question?

Mr. LINDELOFF. I believe I received it in the mail.

The CHAIRMAN. I said do you remember being asked that question?

Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. Then you replied:

The reason it was returned was that all at once McHenry County, which was some of our members operate there, there was a branch of the syndicate that operates there.

Do you remember making that statement some 2 years ago?

Mr. LINDELOFF. I do not.

The CHAIRMAN. Well, that is a part of it.

Mr. LINDELOFF. It may be.

The CHAIRMAN. There was a branch of the syndicate that operates there. They had never been in the jukebox business up to this time, and they decided to go in the jukebox business and take over everything. In other words, they didn't want us to have anything.

Do you remember making those statements?

Mr. LINDELOFF. I do not. I may have made them, but I don't remember at this time.

The CHAIRMAN. You don't deny having made them, do you?

Mr. LINDELOFF. I don't deny it, but I do not remember—

The CHAIRMAN. I want you to see we are not putting words into your mouth here. We are simply taking a record which you have made in interrogating you about the same facts.

I will quote another answer:

You said that he had made an arrangement—
this is talking about Smith—
what did you mean by that?

Your answer was:

He agreed to have union employees and to pay Coin Machine Services Co. 50 cents per machine per month. That is the arrangement. There was no cash or

no gift or anything of that nature involved. They agreed to keep peace and we agreed to pay that amount of money.

Then you were asked:

By keeping peace, what exactly do you mean?

And you answered:

It would be to keep Apex from moving into our locations and putting us out of business.

Do you remember making that statement?

Mr. LINDELOFF. No, I don't.

The CHAIRMAN. Do you say you didn't make it?

Mr. LINDELOFF. No, I would not say that.

The CHAIRMAN. Then you were asked again:

What is the agreement on its face?

—speaking about this same agreement. And your answer was:

It was an agreement that we agreed to pay so much money for that peace in the industry. Possibly the wording of it and phrasing of it is just a matter more or less a matter of legal arrangement.

Then you were asked the question:

A legal sham?

And your answer was:

That would be my opinion of it.

Did you make that statement?

Mr. LINDELOFF. I do not remember.

The CHAIRMAN. Do you deny having made it?

Mr. LINDELOFF. No, I do not.

The CHAIRMAN. Then you were further asked about it and you said:

They have gambling equipment, booking and various other sources of income, and when they go into those locations once, the location does not just dare to change.

You are speaking about, I assume—and I will ask you—were you not speaking about this syndicate operation that you were trying to buy peace from?

Mr. LINDELOFF. We are speaking of our competitors; yes.

The CHAIRMAN. Well, who were your competitors except the syndicate operation that you spoke of at that time?

Mr. LINDELOFF. I would be sure it would be the same people.

The CHAIRMAN. The same people?

Mr. LINDELOFF. I think so.

The CHAIRMAN. Is there anything further, Mr. Kennedy?

I didn't want the record to be left here that somebody was building up a case against you, but it comes from your own statements.

Didn't you make substantially the same statements to Mr. Kennedy when he interviewed you?

Mr. LINDELOFF. I don't remember the exact statements or how many questions he asked me.

Mr. KENNEDY. Mr. Chairman, I would like to say about Mr. Lindeloff that he did cooperate with the Government for about a year and a half or two years. Then, as I say, nothing came of the investigation, as we will see from the next witness, as to what would result even for

those who were found guilty, who were involved in some of these things.

I found generally that these people have gone through this once and are now very reluctant to take it upon themselves to try to fight this situation, figuring that nothing is going to happen about it again.

I think in all frankness that is the problem, and it is a problem for Mr. Lindehoff.

He feels that he cooperated with the Government twice, and now he comes before a committee and he is asked these questions. For his own health—and we understand from somebody very close to him that he has been threatened—that for his own health he doesn't want to go through it.

The CHAIRMAN. Well, I can understand that these situations arise sometimes, and possibly the Government and some of its officials are at fault somewhere down the line. But wherever the Government is at fault, wherever the Congress is at fault, we ought to take it into account, to evaluate it, and those of us who have failed in our duty, if we have to, admit it.

But we have to get together here and work together and cooperate together in an effort to try to remedy these conditions.

If we do not succeed, there will not be just a few of you as indicated by this investigation that will be in fear, under a reign of terror, but the whole economy of this country is headed in that direction if we do not have the courage, and the statesmanship, and the wisdom and the determination, to wade into these conditions and clean them up.

Mr. LINDEHOFF. I think you are absolutely right.

The CHAIRMAN. Thank you very much. Thank you for as much cooperation as you felt you could possibly give us.

Senator Capehart.

Senator CAPEHART. Isn't one of your problems the fact, taking a restaurant, for example, they have coin machines that vend cigarettes, candy, peanuts, popcorn, and in factories, of course they vend milk, and coffee. Even in the Capitol here this building, we have a lot of coin machines that vend a lot of different products. We have music and coin-controlled radio, coin-controlled television.

Many, many times you have as many as a dozen or more coin devices or coin machines in a given tavern or given location, vending different things, from music to cigarettes to coffee, et cetera. Isn't it a fact that there is a lot of competition among the operators, the owners of these machines, to try to get all the business in a given tavern?

I mean by that, to put in all of the machines. And then there comes a conflict of interest between the operators of the different machines that have them in the same restaurant or the same location?

Mr. LINDEHOFF. I could hardly answer that, Senator, because we operate only music.

Senator CAPEHART. Well, you do agree that what I said is a true statement, that there are many different kinds of machines in the same location, vending different things?

Mr. LINDEHOFF. Yes.

Senator CAPEHART. You do agree with that?

Mr. LINDEHOFF. Surely.

Senator CAPEHART. So the problem, then, becomes one of competition among different operators of different kinds of machines. You have that problem, too, do you not?

Mr. LINDELOFF. I would say that is true.

Senator CAPEHART. Has your big problem been from the union or from unfair competition from these so-called syndicate fellows? Has it been both?

Mr. LINDELOFF. We have never had any union problem.

Senator CAPEHART. You have not had any union problem?

Mr. LINDELOFF. No.

(At this point Senator Mundt entered the hearing room.)

Senator CAPEHART. The 50 cents a month you pay, that goes to the union, does it not?

Mr. LINDELOFF. We do not pay that. We started to pay that. We paid it for one quarter only.

Senator CAPEHART. You only paid for one quarter?

Mr. LINDELOFF. And that was returned.

Senator CAPEHART. Then you have no union problems in your territory?

Mr. LINDELOFF. No, we do not.

Senator CAPEHART. All you have is what you might call unfair competition from the syndicate, or did have, or you do have some of it?

Mr. LINDELOFF. Yes; I would say that is correct.

Senator CAPEHART. Do you have any ideas or thoughts on what we might do in respect to legislation to help the situation?

Mr. LINDELOFF. Well, Senator, I do not believe that I am qualified to make suggestions to people of your caliber and your state in life. You are a legislator.

Senator CAPEHART. I was chairman of the housing investigation, which investigated the housing situation in the United States a number of years ago, and we found that the syndicates and the gamblers, particularly in Chicago, Detroit, and other places, were getting into the repair business under title 1 of the Housing Act. I do not know whether you know it or not, but 803 of them went to the penitentiary as a result of that investigation.

Mr. LINDELOFF. I did not know it.

Senator CAPEHART. Over 100 of them were out of the State of Michigan alone. They were pushing themselves into that business, repairing roofing, and sidings, of houses, and that sort of thing. As I say, over 800 of them have gone to the penitentiary.

Are you having somewhat the same sort of situation in your juke-box business?

Mr. LINDELOFF. That is very possibly the story.

Senator CAPEHART. Do you say you are?

Mr. LINDELOFF. That is possibly the same story.

Senator CAPEHART. The same sort of a situation?

Mr. LINDELOFF. I would think so.

Senator CAPEHART. It has become quite a profitable business and these gentlemen are getting into it or pushing themselves into it. But you have no ideas as to how we might help this situation?

Mr. LINDELOFF. Well, I believe that is the duty of your legislators.

Senator CAPEHART. We are willing to accept the responsibility if we know what to do. But we would like to get the information as to what to do from you who have had experience.

Mr. LINDELOFF. How can you hope that I might tell you how the law should be changed?

Senator CAPEHART. Do you think we do need more laws on the subject?

Mr. LINDELOFF. There is very definite room for changes.

Senator CAPEHART. There is very definite room for changes?

Mr. LINDELOFF. That is right.

Senator CAPEHART. You think maybe we do need legislation?

Mr. LINDELOFF. Absolutely.

Senator CAPEHART. That is the purpose of this committee and that is why they are trying to get all of the information they can from people such as yourself and others.

Mr. LINDELOFF. I am sorry. I didn't mean to be impertinent.

Senator CAPEHART. I did not think you were. But that is the purpose of the investigation, to find out how we can correct the situation here, which, on the face of it, looks very, very bad.

The CHAIRMAN. Are there any further questions?

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Lindeloff, you will remain under your present subpoena, and under the jurisdiction of the committee, subject to being recalled at such time as the committee may desire to hear further testimony from you.

Do you agree?

Mr. LINDELOFF. Yes, sir.

The CHAIRMAN. Upon your acceptance of that recognizance, the Chair will direct that if anyone undertakes to intimidate, coerce, or threaten you in any way, that you let us know. Report it promptly to the committee, and we will see what action we can take to protect you.

Mr. LINDELOFF. Thank you.

The CHAIRMAN. Thank you very much.

Call the next witness.

Mr. KENNEDY. Mr. Sipiora, Mr. Chairman, who is one of the most important witnesses that we have.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SIIPIORA. I do.

TESTIMONY OF THEODORE SIIPIORA

The CHAIRMAN. Please state your name, your place of residence, and your business or occupation.

Mr. SIIPIORA. Ted Sipiora; I reside at 7249 North Octavia. My business is located at 1812 West Chicago, called Singer One-Stop Record Service, Inc.

The CHAIRMAN. Do you waive counsel?

Mr. SIIPIORA. Yes, I do.

The CHAIRMAN. All right, Mr. Kennedy.

Mr. KENNEDY. It is S-i-p-i-o-r-a; is that right?

Mr. SIIPIORA. That is right.

Mr. KENNEDY. You are coowner of the business called Singer One-Stop Record Co.?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Coowner with your brother?

Mr. SIPIORA. Two brothers.

Mr. KENNEDY. Two brothers?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What does that company do? Explain that to the committee.

Mr. SIPIORA. We are what you call subdistributors. We resell wholesale records to some jukebox operators, and mostly stores now.

Mr. KENNEDY. What does the "one-stop" mean? Anybody can come in and get any kind of records with any label on them?

Mr. SIPIORA. One-stop is a convenient way of selecting records from one place instead of chasing down the different labels. That is, Decca and Victor have their own places. They get all the labels they want at our place.

Mr. KENNEDY. Just explain it a little more fully.

Mr. SIPIORA. Well, the different companies, their distributors are spread out all over the city. For them to chase and select records from different companies would take a lot of time. Coming to our place, they can purchase all the labels, different hits, and cut down their time.

Mr. KENNEDY. There are about 90 operators in Chicago who service some 9,000 locations; is that right?

Mr. SIPIORA. I guess so.

Mr. KENNEDY. Approximately that.

Did you begin to lose some business several years ago?

Mr. SIPIORA. Well, not several years ago. I would say it is roughly about a year ago.

Mr. KENNEDY. About a year ago?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What company started taking your business?

Mr. SIPIORA. Well, one in particular; Lormar Distributing.

Mr. KENNEDY. Lormar Distributing Co.?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Would you tell us what the situation was as far as Lormar Distributing Co. is concerned?

Mr. SIPIORA. We were told that unfair competition was being set up in Chicago; that before long we would lose a lot of our business.

Mr. KENNEDY. How were you told? What did they mean by this company being set up?

Mr. SIPIORA. Well, operators came in. They got wind of it before we did.

Mr. KENNEDY. What kind of report did they give you?

Mr. SIPIORA. Well, it was an element that would be rough.

Mr. KENNEDY. How did they describe who was behind it?

Mr. SIPIORA. Well, to put it point blank—

Mr. KENNEDY. Just as frankly as we discussed it?

Mr. SIPIORA. They said the hoods had gotten into the record business. That is the way they put it.

Mr. KENNEDY. The hoods?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Meaning the hoodlums?

Mr. SIPIORA. That is right.

Mr. KENNEDY. This was even before the company was set up?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What brought it about? Did you understand that?

Mr. SIPIORA. Do you mean Lormar?

Mr. KENNEDY. What did you understand was the background?

Did it come out at the trial of Joey Glimco, when he was acquitted?

Mr. SIPIORA. I don't know if that was the direct result, but they said they were going into some other field.

Mr. KENNEDY. If they could get Joey Glimco off?

Mr. SIPIORA. That could have been it; I don't know. But operators or someone told us that they were branching into another field of records in another field.

Mr. KENNEDY. Then did you understand that this company was set up?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Did they start taking away your customers?

Mr. SIPIORA. Well, they had rough going at first. I think for 5 or 6 weeks all they would do is send out letters, but they received no results. Then it was a direct contact with the operators.

Mr. KENNEDY. Just relax, will you, and just tell us what procedures these people followed, what they did, and what you understood to be the way they were taking your competitors away?

Mr. SIPIORA. As I say, they publicized the fact that they are now in the record business, solely for the operators. They sent these letters out weekly. I don't know how wide an area they covered, but they went to a lot of our accounts. When this proved futile they went ahead and contacted the operators personally.

Mr. KENNEDY. What would they say? What was reported to you as to what tactics were used?

Mr. SIPIORA. Well, the operators told us that it came to a point where they could no longer buy from us, that the pressure was too great, the people behind it had forced them to leave us.

Mr. KENNEDY. Did you understand that this was a gangster operation, even more so then?

Mr. SIPIORA. Then we realized who was behind it.

Mr. KENNEDY. Who did you find out was behind it?

Mr. SIPIORA. Well, from hearsay, what we read in the papers and Billboard, they mentioned local No. 334, Joe Glimco, and others.

The CHAIRMAN. Local No. 134?

Mr. SIPIORA. That is right.

The CHAIRMAN. What is right?

Mr. KENNEDY. IBEW, Jukebox Smitty?

Mr. SIPIORA. That is right.

Mr. KENNEDY. He was behind this company?

Mr. SIPIORA. That is what we heard from the operators; yes.

Mr. KENNEDY. These were customers that would come in or you talked to them on the telephone?

Mr. SIPIORA. That is right.

Mr. KENNEDY. This wasn't just a question of reading about it or hearing about it. You actually talked to people who left you?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What reason did they give you for leaving?

Mr. SIPIORA. Well, simply this: If they wanted to stay in business, they would have to buy records there. That was the answer we got from all of them.

Mr. KENNEDY. How were they going to put them out of business?

Mr. SIPIORA. Very simply. They would take their locations away.

Mr. KENNEDY. How would they do that?

Mr. SIPIORA. Just move in on them and it happened.

Mr. KENNEDY. How were they able to do that in Chicago?

Mr. SIPIORA. With the help of the union.

Mr. KENNEDY. Do you mean they would put a picket line up?

Mr. SIPIORA. I don't think they had to use a picket.

Mr. KENNEDY. Just tell them?

Mr. SIPIORA. Just tell them; that is right.

Mr. KENNEDY. Then that would cut off the deliveries and the tavern would be put out of business?

Mr. SIPIORA. That is right.

Mr. KENNEDY. And if they didn't change from you and get their records from this new company, the Lormar Distributing Co., which was backed by the gangsters, then they would be put out of business by the union?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Did you understand that they had some tough people that were going around, some musclemen?

Mr. SIPIORA. Well, sometimes the operators came in and told us that they had a visitor. They were afraid to mention who it was.

Mr. KENNEDY. Is this a situation that spread across all of Chicago and the outlying area?

Mr. SIPIORA. That is right.

Mr. KENNEDY. So now this is the company that really controls the distribution of records in the whole of the central part of the country there, around Chicago and up into Wisconsin?

Mr. SIPIORA. I imagine.

Mr. KENNEDY. Did they contact people in Iowa, too?

Mr. SIPIORA. Yes; they did. A fellow sent us back literature from them.

The CHAIRMAN. Do you mean this situation prevails there now?

Mr. SIPIORA. Yes; it does.

The CHAIRMAN. With this union backing up this business that you understand is operated by the underworld element?

Mr. SIPIORA. That is right.

The CHAIRMAN. And you have to trade with it, these jukebox operators have to trade with it, buy their records from it, or otherwise this union will step in with its power of strike or picketing and whatever is necessary, stopping deliveries, to put them out of business?

Mr. SIPIORA. That is so.

The CHAIRMAN. That is a situation that prevails at this time?

Mr. SIPIORA. That is right.

The CHAIRMAN. And that is the situation that is hurting your business?

Mr. SIPIORA. That is right.

The CHAIRMAN. How much of your business have you lost since this operation started?

Mr. SIPIORA. Well, I would say that we lost about 90 percent of the operators.

The CHAIRMAN. Ninety percent of the operators?

Mr. SIPIORA. Yes.

The CHAIRMAN. So it has been this method or technique that has been very effective insofar as your business is concerned?

Mr. SIPIORA. Very effective.

The CHAIRMAN. There is certainly no objection to someone else setting up a one-stop service, such as yours?

Mr. SIPIORA. No, sir. There are others in town.

The CHAIRMAN. There are others?

Mr. SIPIORA. Yes.

The CHAIRMAN. You do have legitimate competition?

Mr. SIPIORA. Yes, sir.

The CHAIRMAN. And you had legitimate competition before this started?

Mr. SIPIORA. We had; that is right.

The CHAIRMAN. Do you know how this operation is affecting the other legitimate operators? Do you have any information about that?

Mr. SIPIORA. I don't discuss that with them. I imagine they have been hurt, although not as much as we, because we were the largest and, therefore, we were hurt the most.

The CHAIRMAN. You were the largest, but you had smaller competitors, is that correct, before this started?

Mr. SIPIORA. That is correct, exactly.

The CHAIRMAN. This Lormar Distributing Co., I assume, has become the largest of all in view of the kinds of support and tactics it has been given?

Mr. SIPIORA. It is possible.

The CHAIRMAN. You don't know that?

Mr. SIPIORA. Well, we have taken a lot of new business. We knew what was coming it. We went after new business. But we picked up a lot of smaller accounts, such as dealers, working on a smaller margin.

The CHAIRMAN. You went out and picked up accounts in other areas?

Mr. SIPIORA. That is right. Not jukebox operators, but retail stores.

The CHAIRMAN. How much of the jukebox business have you lost since this operation started?

Mr. SIPIORA. Well, roughly, I would say—to narrow it down to a year—I would say about \$800,000.

The CHAIRMAN. I beg your pardon.

Mr. SIPIORA. If we narrow it down to 1 year, it is about \$800,000.

The CHAIRMAN. I mean percentagewise.

Mr. SIPIORA. I have no idea what percentage—

The CHAIRMAN. Based on the amount of business you were doing with these operators before this new operation, Lormar setup, percentagewise, how much of that business have you lost since Lormar Distributing Co. started operating?

Mr. SIPIORA. Well, as I said, we have lost 90 percent of the operators.

The CHAIRMAN. Ninety percent of the operators no longer can trade with you?

Mr. SIPIORA. That is right.

The CHAIRMAN. They have to trade with Lormar?

Mr. SIIPIORA. That is right.

The CHAIRMAN. Are you positive, now, that the union is back of this, in supporting this kind of operation?

Mr. SIIPIORA. Well, that is what the papers said; that is what the operators told us directly.

The CHAIRMAN. That is what?

Mr. SIIPIORA. What the operators have told us.

The CHAIRMAN. They told you that this man Smith, the one that is their contact with the union——

Mr. SIIPIORA. That is right.

The CHAIRMAN. That is what the operators tell you?

Mr. SIIPIORA. That is right.

The CHAIRMAN. Smith representing local 134 is the man who goes around and contacts them about it?

Mr. SIIPIORA. That is what they tell us.

The CHAIRMAN. All right. I was trying to get the record clear with respect to whether the union was actually involved in it.

Senator CURTIS. Mr. Chairman——

The CHAIRMAN. Senator Curtis?

Senator CURTIS. You referred to picketing. Just what type of union activity would be indulged in to enforce the wishes of the hoodlum element, the syndicate?

Mr. SIIPIORA. First of all, I didn't say there was any picketing. They could picket.

Senator CURTIS. Do you know of any instance of any business where union activity was used, either directly on your own or otherwise?

Mr. SIIPIORA. No; I don't.

Senator CURTIS. Do you know where any was threatened?

Mr. SIIPIORA. We have heard of that.

Senator CURTIS. What was it understood might be done?

Mr. SIIPIORA. Well, they said, "If you want to be in business tomorrow, you better go today and purchase your records at Lormar." That is the way some fellows put it to us.

Senator CURTIS. But what activities which are ordinarily associated with union activities were suggested that might be used?

Mr. SIIPIORA. Well, they did use some. They went ahead and moved in on these fellows.

Senator CURTIS. What happened?

Mr. SIIPIORA. Their machines were thrown out and a new operator put their machines in.

Senator CURTIS. The places of business would be entered and the machine physically thrown out?

Mr. SIIPIORA. That is right.

Senator CURTIS. Who would do that?

Mr. SIIPIORA. Some new company was set up just for this purpose.

Senator CURTIS. But individuals would come there and go in the place of business and say, "We are putting this machine out"?

Mr. SIIPIORA. That is right.

Senator CURTIS. Where would they put it—out on the street?

Mr. SIIPIORA. That I don't know. Some were turned against the wall, plugs pulled, and the operator was called and told to pull his machine out.

Senator CURTIS. In reference to the picketing, I thought you used that term, was a threat of picketing in this picture at all?

Mr. SIFIORA. I don't think they had to go as far as picketing. A call like this was enough.

Senator CURTIS. Who would the call come from?

Mr. SIFIORA. That I don't know. As I say, some fellows were afraid to mention who called or who visited them.

Senator CURTIS. I am not thinking of the names of the individuals. The people who called or visited them, did they represent themselves as representing unions?

Mr. SIFIORA. That is right.

Senator CURTIS. They did?

Mr. SIFIORA. Yes.

Senator CURTIS. Did you receive any such call?

Mr. SIFIORA. No, we have never received any call, no threats.

Senator CURTIS. No one came to see you?

Mr. SIFIORA. No.

Senator CURTIS. But some of the other people, or possibly some of your customers, they got calls?

Mr. SIFIORA. That is right.

Senator CURTIS. Without mentioning any names, tell me what, in substance, some of your customers would report to you about the calls?

Mr. SIFIORA. Well, they would be visited by this agent. They were informed that they are now in the record business and they need their support, and if they wanted to be supported in the future, they better buy their records there. That is the way they put it.

Senator CURTIS. They would represent themselves as being from the union?

Mr. SIFIORA. That is right.

Senator CURTIS. Did they identify the union?

Mr. SIFIORA. Well, it is common. You know which union represents the operators, and that was the union involved.

Senator CURTIS. That was the electrical union?

Mr. SIFIORA. That is right.

Senator CURTIS. What local was it?

Mr. SIFIORA. No. 134.

Senator CURTIS. No. 134. What is the correct title of 134?

Mr. KENNEDY. IBEW, of which Mr. Smith was the business agent, and it was formerly headed by Umbrella Mike Boyle, who got the name because he used to put the umbrella on the end of the bar for people to throw the money in.

Senator CURTIS. Can the staff inform me how large the IBEW Local 134 is?

Mr. KENNEDY. IBEW Local 134 itself has about 20,000 members. This unit operating in the coin machines has about 200 members.

Senator CURTIS. Does this Mr. Smith that you have referred to—is he connected with the entire union or just this portion?

Mr. KENNEDY. He heads up the coin machine area, or did up until this investigation began. At that time, the IBEW expelled him, I believe. So he did up until last year. He was the business agent in charge of just the group that handled the coin machines. He was placed in there. He was a protege of Umbrella Mike Boyle, who headed the union until he died in 1957.

(At this point Senator Church left the hearing room.)

Senator CURTIS. In other words, one of his co-offenders was also heading the union?

Mr. KENNEDY. Umbrella Mike Boyle is a notorious figure in Chicago, a notorious member of the underworld, and Smitty, Jukebox Smitty, was placed in that position by Umbrella Mike Boyle.

Senator CURTIS. May I ask, have the finances and the books of that union been examined by our committee?

Mr. KENNEDY. Yes, we have.

Senator CURTIS. Do they operate a welfare program, too?

Mr. KENNEDY. Well, we looked at the books of local 134, but the books of this particular branch of local 134, Smitty said he didn't keep any records or books, and he didn't have anything.

Senator CURTIS. Do they operate a welfare program of any kind?

Mr. KENNEDY. Well, he didn't have any books or records to show that he operated anything, Senator.

Senator CURTIS. Now, it is my contention that when individuals who say they are union people handle money and receive money that in truth and in fact are not funds for the legitimate purposes of unions, that it constitutes income and subject to taxation.

Can the staff tell me whether or not the Internal Revenue Bureau has ever investigated this union or this particular unit or the man now deceased who headed it, or this man Smitty?

Mr. KENNEDY. Well, there are books and records of local 134.

Senator CURTIS. Has the Internal Revenue Service ever investigated it?

Mr. KENNEDY. Not that I know of.

Senator CURTIS. The staff did not run into anything that indicated that?

Mr. KENNEDY. No, sir.

Senator CURTIS. Now, first, how long has this been going on?

Mr. KENNEDY. Since 1941.

Senator CURTIS. Now, what action, if any, has the Ethical Practices Committee taken in this situation?

Mr. KENNEDY. Well, they haven't taken any action. These hearings, of course, have just started as far as Chicago is concerned, and I don't believe that they have taken any action as of this time. The IBEW did take action against Juke Box Smitty, at the time our investigation had begun, and we were working in Chicago.

Senator CURTIS. It had been aired in grand jury proceedings in a conference that was recorded which the chairman referred to.

Mr. KENNEDY. I don't think that that information was ever made available to anyone outside of the Government. However, there were articles, Senator, in the newspapers of Chicago about this situation and have been articles over a number of years. The problem as this witness will develop, however, has gotten worse, and it is worse today and this week than it has even been. I think the situation still exists.

I also want to clarify an earlier remark.

The dues that would come into this unit of local 134 would go directly to 134 and it would not necessarily go or they weren't supposed to have separate books for the unit of 134 that handled juke boxes.

Senator CURTIS. With what international union is this local affiliated?

Mr. KENNEDY. IBEW, AFL-CIO.

Senator CURTIS. Well, personally, I think since this matter was common knowledge among businessmen who have anything to do with it,

whether they were owners of legitimate businesses operating music and coin machines, or whether they were tavern owners or restaurants, and the fact that it has been referred to in the public press for many years, and some phases of it at least have been investigated by local officers, it seems to me that neither the Bureau of Internal Revenue nor the Ethical Practices Committee should wait around until this committee has to dig up something before they protect the citizens of the United States.

Senator GOLDWATER. I have just one question.

Mr. Sipiora, if it were against the law to engage in the type of picketing with which your accounts were threatened, do you think that they could successfully take away 75 or 80 percent of your business?

Mr. Sipiora. They couldn't do it.

Senator GOLDWATER. In other words, if the law specifically prohibited blackmail picketing of the type that these customers of yours have been threatened with, you would still retain the business that you have lost?

Mr. Sipiora. That is correct.

Senator GOLDWATER. Thank you very much.

Senator ERVIN. If I understand it, this was the situation: The members of this union were the persons who serviced the machines of your customers?

Mr. Sipiora. Yes, sir.

Senator ERVIN. And the business agent of this union entered into some kind of a connection with this newly organized Lormar Distributing Co., and went to your customers or sent others to your customers, and told them if they didn't quit trading with you and didn't trade with this Lormar Distributing Co., they would have their machines thrown out and the union would do it?

Mr. Sipiora. That is right.

Senator ERVIN. In other words, the union was not only collecting dues from the men that were servicing the machines, but the business agent of the union was either personally or in combination with others practicing coercion upon the operators of the machines, so in effect he was working both sides of the street?

Mr. Sipiora. That is right.

Senator ERVIN. That is all.

Mr. KENNEDY. Now, when you first heard about this were you told this by one of your biggest customers, the Apex Co.?

Mr. Sipiora. Yes.

Mr. KENNEDY. What did the Apex Co. tell you about that?

Mr. Sipiora. In what respect?

Mr. KENNEDY. Did they tell you that they were taking away their business from you?

Mr. Sipiora. Yes, they told us they would stop buying from us.

Mr. KENNEDY. What did they say? Apex is run by Dutch Vogel? what did he tell you?

Mr. Sipiora. He told us that a friend of theirs has gone in the record business and hereafter they would have to switch all of their business to them.

Mr. KENNEDY. Then you discussed earlier the fact that they set up what is called a whip company to make these tavern owners or the operators get their records from Lormar; is that right?

Mr. SIPIORA. Yes, sir.

Mr. KENNEDY. And the whip company would come in and offer a better deal, and the whip company would come in and would make the arrangements for turning the machine to the wall and pull out the plug, and so on?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Now, did you find or did it come about that the Lormar Distributing Co. was not satisfied with this arrangement of gaining control, but they started then to put out counterfeit records?

Mr. SIPIORA. I don't know the basis of it but we know there was a flood of counterfeit records in the city.

Mr. KENNEDY. Will you tell us what happened?

Mr. SIPIORA. The records were sold a nickel below our cost, and we received cards from our operators to the fact that records were being sold for a nickel less, and we are a dime over because we pay 60 and we sold them at 65, and the cards they received stated that they could buy them from Lormar for 55.

It was then the distributors started to look into it because they thought it was phoney because they didn't give any special price.

Mr. KENNEDY. What did you find out?

Mr. SIPIORA. We found out that they were coming in the city from Ohio, and they were counterfeit.

Mr. KENNEDY. They were counterfeiting the records and then the Lormar Co. was distributing them?

Mr. SIPIORA. I guess they had more than one outlet after a while.

Mr. KENNEDY. But it was under the control of the Lormar Distributing Co.?

Mr. SIPIORA. They are the ones who sent the cards out, yes.

Mr. KENNEDY. They are the ones then who started distributing these phony records?

Mr. SIPIORA. That is the way it appeared.

Mr. KENNEDY. And they were having them made down in Ohio?

Mr. SIPIORA. In Cincinnati.

Mr. KENNEDY. And then they were able to undercut everybody; is that right?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What did you find out; weren't you concerned about that at the beginning?

Mr. SIPIORA. Yes, we were, because we received a lot of complaints on why we couldn't meet the price of our competitors, and they are new in the business and they are able to undersell us.

We took it up with the distributors and they didn't know what was happening. But one distributor checked into it and I think that he had the FBI working on it, and he came up with the fact that all of the records were counterfeit.

Mr. KENNEDY. Now, an investigation was made by local authorities?

Mr. SIPIORA. That is right.

Mr. KENNEDY. And were some people indicted?

Mr. SIPIORA. Yes, they arrested, I think, three or four at Lormar.

Mr. KENNEDY. What happened in that case?

Mr. SIPIORA. Well, that was the biggest joke of the industry. They were found to possess counterfeit records and fined \$50.

Mr. KENNEDY. That was the punishment?

Mr. SIPIORA. Yes, sir.

Mr. KENNEDY. In what court was that?

Mr. SIPIORA. I understand they started in the boys' court.

Mr. KENNEDY. In Chicago?

Mr. SIPIORA. That is right.

Mr. KENNEDY. They had made, obviously, hundreds of thousands of dollars from this operation. First, from putting pressure and coercing people to buy their records, using these tactics that you have described, which will be supported by other witnesses. Then, not content with that, they started making counterfeit records, and for that they were indicted and ultimately convicted. They were taken before a boys' court, and thereafter they were found guilty and one of them was fined \$50?

Mr. SIPIORA. That is what we heard.

Mr. KENNEDY. Is that right?

Mr. SIPIORA. That is what we heard; yes.

Mr. KENNEDY. What kind of a punishment is that for this kind of an operation?

Mr. SIPIORA. I would like to know myself.

Mr. KENNEDY. Would you say that that is the explanation that we had the trouble with the previous witness, that he was reluctant to talk in these matters?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Do you find that that is a general situation now in the industry, that people are reluctant to talk because of what has happened in the past?

Mr. SIPIORA. Yes, they are. I know for a fact that most of the operators that we have dealt with we have known for years, and they would be very willing to cooperate with any committee if they knew that it would keep going and arrive at some punishment.

We know that you fellows and other committees have investigated and if things just stay at that point, and nothing is done to punish these men, that is why you are not getting cooperation.

Mr. KENNEDY. Were you told just this past week, that once the investigation blows over, that the whole group will be back in operation?

Mr. SIPIORA. That is right.

Mr. KENNEDY. What were you told?

Mr. SIPIORA. Well, this week we lost, I would say, two or three accounts, and they said they were told by their bosses not to come to our store any more, and the pressure is on again.

Mr. KENNEDY. Did they say they would be back in business after the investigation is finished?

Mr. SIPIORA. They think that they will be in stronger than ever. That is what they tell us.

Mr. KENNEDY. What is the explanation for it, the fact that when they are finally found guilty, and that they are punished so lightly?

Mr. SIPIORA. Not only that, they say that money can buy anything here.

Mr. KENNEDY. To call off an investigation, or call off prosecution?

Mr. SIPIORA. I don't know what they will do, but they say they are going to steamroller.

Mr. KENNEDY. They can bring that about by the payment of money. That is true, is it not?

Mr. SIPIORA. That is true.

Senator MUNDT. I would like to inquire how a case of this kind gets into a boys' court. I am not a lawyer, so can you explain it to me?

Mr. SIPIORA. That is quite a mystery to us, too.

Senator MUNDT. There must be some explanation that you have within the trade or that the newspapers referred to, and it looks very peculiar on the face of it, that a scandal of this kind and a racket of this kind should be tried at all in a boys' court. Now give us your best thinking on that, or the best information that you have.

Mr. SIPIORA. Well, we talked to a distributor when we heard of the situation, and we asked him how did it end up in a boys' court, and he said at the time the men were picked up most of the courts were closed, and the only one open was a boys' court, and they took this judge and had him sign some papers, and that is all we heard.

Senator MUNDT. You mean they picked them up and took them right to court?

Mr. SIPIORA. I don't know all of the facts.

Senator MUNDT. From the patrol wagon, that doesn't seem to make sense.

Mr. SIPIORA. They picked the men up in their place of business, I guess, but they went to the criminal court.

Senator MUNDT. They have lawyers and so forth, and I can't understand why all of the courts would be closed except the boys' court.

Mr. SIPIORA. As I said, we don't know too much about it, and it was hushed up, I imagine. All we were told was there was only one judge available for their convenience and this was in the boys' court.

Senator MUNDT. The papers never commented about that in Chicago, or was anybody interested in law enforcement in Chicago at all except the coin operators?

Mr. SIPIORA. In fact, I don't think that there was any mention of the disposition of the case in the papers.

Senator MUNDT. It never got in the papers?

Mr. SIPIORA. We got it through some distributors, and they told us.

Senator MUNDT. Who picked them up? The county sheriff?

Mr. SIPIORA. The State's attorney police picked them up.

Senator MUNDT. Who would be responsible for prosecuting the offenders?

Mr. SIPIORA. I guess the State's attorney's office would be.

Senator MUNDT. The State's attorney?

Mr. SIPIORA. Yes, sir.

Senator MUNDT. That is Mr. Adamowski?

Mr. SIPIORA. That is right.

Senator MUNDT. I get a letter almost every week from Mr. Adamowski, or a copy of a letter that he writes to the chairman about his desire to clean up the rackets in Chicago, wanting to have all of the material available from this committee, and I suspect it has all been made available to him. He seems to be, on the face of his letters, a very diligent, very active, and a very faithful law-enforcement official. So it is hard for me to believe that he would take that and deliberately shunt it aside and put it in a boys' court.

Mr. SIPIORA. As I say, he may not have anything to do with how it was handled, we don't know.

Senator MUNDT. I am trying to get the facts, and I don't know. I am impressed by the volume of correspondence I get from Adamowski's office, signed by Adamowski, and it is just a name to me. It says, "Give me the hearings and give me the information, and if any of these rackets show up in Chicago, we are going to stamp them out."

Now you tell me that he found this racket involving a lot of legitimate businessmen which put the businessmen out of business because of the hoodlums and racketeers involved. You also tell me that he caught these racketeers cold, and that he also caught them counterfeiting the records. This is against the law, I presume. However, he takes them over to the boys' court and fines them \$50, which they can make up with the first order that they fill in their racketeering business.

That is your testimony?

Mr. SIPIORA. That is right.

Senator CAPEHART. What do you mean by counterfeiting records? Do you mean counterfeiting phonograph records?

Mr. SIPIORA. Well, I imagine they first took a sample of a legitimate record and they make their own pressings from it and I don't know too much about that.

Senator CAPEHART. And then put the manufacturer's name on it?

Mr. SIPIORA. The manufacturer's name and the artist; yes.

Senator CAPEHART. They would make a counterfeit record but put the manufacturer's name and label on it?

Mr. SIPIORA. Just like counterfeiting money, and everything was on it that you would find on a dollar or on a record, and the label was the same and the same color and the same number.

Senator CAPEHART. And they just simply put the manufacturer's name on it?

Mr. SIPIORA. That is right.

Senator CAPEHART. I gathered from your testimony that these things that you are complaining about could be handled by a State law and city ordinances and city laws if the law enforcement agencies were prone to enforce the laws; is that a correct statement?

Mr. SIPIORA. I and a lot of others will say the same thing, that we disagree with you there, and I don't think the local government is going to handle the situation.

Senator CAPEHART. You don't think that they can?

Mr. SIPIORA. I don't think that they can.

Senator CAPEHART. You think that we need Federal legislation on the subject?

Mr. SIPIORA. Federal justice in these cases.

Senator CAPEHART. Do you have any suggestions to make to this committee, as to what kind of legislation we ought to have?

Mr. SIPIORA. Well, all I know, we need some honest and fearless leadership, and we don't have it.

Senator CAPEHART. Leadership? Where?

Mr. SIPIORA. In our State.

Senator CAPEHART. In your State?

Mr. SIPIORA. That is right.

Senator CAPEHART. Well, even though we did pass laws here, if the Federal Government passes laws, they still must be enforced out in the

State. Now, how do we know if we passed a few laws here that would cover the subject, they would enforce it?

Mr. SIPIORA. That is your problem; and I don't know.

Senator CAPELLART. But you feel that the local enforcement agencies have fallen down on this?

Mr. SIPIORA. They have definitely.

The CHAIRMAN. With respect to Federal legislation, I don't think that the Federal Government can legislate to correct all evils that may occur nor to relieve local law-enforcement officials of duties that are imposed upon them under the State government, but I do feel very keenly that the Federal Government certainly should not sanction and it should not provide the services of the National Labor Relations Board nor should it grant tax-exempt privileges to unions who are engaged in this blackmail and extortion tactics against citizens of this country.

I think the Federal Government can legislate in that field, and I think that it should legislate in that field, but the Federal Government cannot by law relieve local officials from their duties to enforce the law.

If they would cooperate and enforce the law in all areas, it would help. In some areas they do the best they can, but in some areas we find possibly they are rather lax on enforcement of the State laws.

If they would cooperate and undertake to enforce the law, I think that there would be less necessity, may I say it that way, for the Federal Government to step in with legislation. Certainly if they are using a labor union out there and using its authority and its power and its officials for purposes of extortion, for getting money for illegitimate purposes and not for honest union purposes and services, I am sure that there are some State laws, and I am confident there is some State law that would cover it.

Of course, if local law-enforcement officials would enforce those laws, there would be less urgency on the part of the Federal Government to try to provide a remedy or preventive measures to keep those things from occurring.

Senator ERVIN. The purpose of counterfeiting a record is to make the record available from sources other than those of legitimate dealers so as to avoid the payment of royalties to those owning the copyright; is that not so?

Mr. SIPIORA. Yes, sir.

Senator ERVIN. That enables them to undersell legitimate records upon which royalties are paid?

Mr. SIPIORA. That is right.

Senator ERVIN. And I wonder if you will agree with me in this observation, that there is not much encouragement for businessmen like yourself to give information to law enforcement officers, and there is not much encouragement to law enforcement officers to act on that information and bring people to court if those people are going to be punished by no more than a judicial powderpuff, when they are supposedly standing before the bar of justice.

Mr. SIPIORA. That is right.

The CHAIRMAN. Senator Mundt?

Senator MUNDT. Speaking about the law, I think you did say in response to a question by Senator Goldwater that you thought a law against blackmail picketing would relieve this situation because

you would take away from the unions the club that they hold over the operators, the distributors, and the tavernkeepers who use these juke-boxes.

It would eliminate the club that is now used to make them buy records from their own shop; is that right?

Mr. SIIPIORA. It would be a step in the right direction; that is right.

Senator MUNDT. That, of course, would be enforceable at the Federal level.

Let me ask you this: If they have counterfeit records, which is now demonstrably true, because the courts have caught them at it, found them, and took them up into a boys' court and fined them \$50, I would think that the company that made the record, the Decca Record Co., or Columbia, or whoever makes them, they would be able to sue these counterfeiters for an infringement of a patent or a copyright and collect from them, would they not?

Mr. SIIPIORA. That is right.

Senator MUNDT. Has any such suit been entered by the legitimate recordmakers against the counterfeiters?

Mr. SIIPIORA. Yes. There was a lot of talk from the start. I understand they flew in a lot of the manufacturers for the hearings. Everyone was going to sue. But when it came down to the day of the hearing, I don't think anybody showed.

Senator MUNDT. Why didn't they sue? Were they intimidated, too?

Mr. SIIPIORA. I have no idea. They never told me and I never asked.

Senator MUNDT. This seems to be a strange and cavalier attitude that a man or a company takes which finds its product being counterfeited. They know it is being counterfeited. They know who the counterfeiters are. They have recourse in the courts. The counterfeiters are apparently people of great substance.

Certainly if they are members of a labor organization, if a labor union is involved with that money, I cannot understand why they do not go through and sue them for an infringement and collect damages. You say they all said they were going to do that?

Mr. SIIPIORA. That is right. They were all content in stopping it; that is all. They didn't want any penalties. That was it.

Senator MUNDT. It seems to me they encourage the repetition of that kind of evil if they haven't enough gumption to sue to protect their own interests, and when the culprits' only penalty is a \$50 fine. This encourages somebody else to counterfeit. I am completely mystified by the negligence that the officials of these corporations show to their stockholders and to their responsibilities by not suing the people once it is demonstrated who they are who are counterfeiting their product.

Can you imagine the Ford Automobile Co. not suing some little machinist up in Elmhurst if he started putting out Ford automobiles and putting Ford labels on them, making them there, and saying "This is a Ford motorcar"?

These are pretty important companies, are they not, that are making these records?

Mr. SIIPIORA. That is right.

Senator MUNDT. They are not fly-by-night outfits. They are pretty substantial American corporations, I believe, that own the copyrights. Is that right?

Mr. SAPIORA. That is right.

Senator MUNDT. They know what is going on, but do nothing about it. They talk tough but run away from the courts?

Mr. SAPIORA. Exactly.

Senator MUNDT. It is pretty hard to sympathize too much with them when they have lawyers and recourse in the courts. If they get scared because somebody calls them up on the phone and says, "I am a union official," it is just a little difficult for this particular Senator to sympathize too greatly with that kind of indifference to the interests of the stockholders of a corporation.

Mr. KENNEDY. That really is the key to the situation, because the Lormar Co. is operating more effectively today than it ever has; is that right?

Mr. SAPIORA. That is right.

Mr. KENNEDY. These same companies that supposedly were wronged, they are the ones that make it possible, because these companies are now supplying records to this company?

Mr. SAPIORA. That is right.

Mr. KENNEDY. If these companies had stopped supplying records, Lormar would be out of business.

Mr. SAPIORA. Exactly.

Mr. KENNEDY. Here you have a gangster company, it is found that they use all of these tactics, you have all of this evidence and testimony to that effect, you have the newspapers in Chicago writing about it, you have the court case that they phoned up records, counterfeited records, and then you have all of these big companies still going on and doing business with them as they always did. Isn't that right?

Mr. SAPIORA. That is right.

Senator MUNDT. Do you mean, Mr. Counsel, that the company, the corporation, which owns the copyright which was counterfeited against, who knows that, still sells the product to the counterfeiter?

Mr. KENNEDY. Exactly. They are operating in Chicago now.

They are using more of the same tactics. You can tell of threats that they made this week, saying they are going back into business. These companies, the Decca Co. and the rest of them, are the ones that are keeping this company in business. We have their names, and I would like to have permission to place their names into the record.

Senator MUNDT. I want to withdraw any implied criticism I may have made of the law enforcement officials of the city of Chicago, or Mr. Adamowski. If these companies have no greater concern than that for the stockholders' money, let them go ahead and counterfeit, so far as I am concerned.

This is the most ridiculous thing I have ever heard of, to do business with the counterfeiters because you can make a few shekels of greedy profit for a few months and ultimately put yourself out of business. Maybe we ought to be investigating the officials of the corporation, Mr. Counsel, instead of the union.

Mr. KENNEDY. I agree. It is the same tactics that Mr. Hammergren testified were used in order to make a few extra dollars. They were able to hire the underworld dregs of society in various cities in

order to distribute their records; that this is the same situation by some of the biggest companies in the country that they will do business with the Lormar Co., because the Lormar Co., through its gangster connections, can control all of Chicago, all of the area outside of Chicago, into the other States. That is the situation at the present time, is it not?

Mr. SIPIORA. That is right.

Mr. KENNEDY. Decca Distributing Co., of 153 West Huron, Chicago; Coral Records, of 163 West Huron, Chicago, Ill.; the All-State Record Distributing Co., of 1400 South Michigan, which distributes some 30 different labels, such as Atlantic and Roulette; Gamissa Distributing Co., of 2011 South Michigan.

Those are the companies?

Mr. SIPIORA. Those are the ones that sell them; yes.

The CHAIRMAN. Those are what?

Mr. SIPIORA. Companies that deal with them; sell them direct.

Mr. KENNEDY. Mr. Chairman, so that we have exactly the situation regarding the fine, the situation is that Chuck English, who is the one that was chiefly behind this operation, the indictment against him was dismissed. The other gentleman is a man by the name of George Hilger, of the Consolidated Record Sales, which is a part of the Lormar Distributing Co.

The same people run both companies, and it is part of the operation. On May 29, 1958, Hilger was indicted by the grand jury of Cook County for counterfeiting and imitating 6,000 records by the name and title of "Oh, Boy," and 6,000 records by the name and title of "Not Fade Away," which belong to and whose trademark was also counterfeited. They were also counterfeiting and imitating 86,000 records by the name and title of "You Can Make It If You Try," and 8,000 records by the name and title of "Hey, Hey, I Love You," which records and trademarks belonged to the V. J. Records, Inc.

This indictment was nolle prossed, and two substitute indictments were filed on January 27, 1958, for the counterfeiting and imitation of the labels of the records mentioned in the first indictment.

After moving unsuccessfully to quash the indictment, Hilger pleaded guilty on September 12, 1958, and was fined in the sum of \$100, and no costs, on each count, with \$75 of each fine being suspended.

Senator ERVIN. And that in the face of the fact that every time they sold a counterfeit record to an innocent person, they committed the common law offense of obtaining money under false pretenses. Apparently there were thousands and thousands of criminal offenses committed and the only punishment was a \$100 fine.

Senator CAPEHART. What court was that in?

Mr. KENNEDY. Was it the municipal court? They might have been brought into the boys' court originally, but the fine was ultimately levied in the municipal court? It was the criminal court, ultimately, in Chicago.

Senator CAPEHART. What judge presided?

Mr. KENNEDY. It just has the State's attorney.

The CHAIRMAN. What was the date of it? Show the date of it and the record where the judgment is recorded. The record there will show who was the presiding judge.

Mr. KENNEDY. He pleaded guilty on September 12, 1958, Mr. Chairman.

The CHAIRMAN. What was the title of the court?

Mr. KENNEDY. The State of Illinois, county of Cook, the May term, criminal court, Cook County.

The CHAIRMAN. Does it show what division? I suppose they have divisions.

Mr. KENNEDY. It just has it signed by Benjamin Adamowski.

The CHAIRMAN. Is that the State's attorney?

Mr. KENNEDY. Yes.

Senator ERVIN. Let's see if I understand it. The fine was \$100 and only \$25 of it was required to be paid?

Mr. KENNEDY. Yes, on two counts; \$50 altogether. These people that had made all of their money, they suspended three-quarters of their fine. They suspended \$150 of a \$200 fine, so they only had to pay \$50 with no costs. They didn't have to pay any of the costs.

The CHAIRMAN. Someone inquired what judge handled this. Well, anyway, do the records show, may I ask, that this action was taken on the recommendation of the State's attorney?

Mr. KENNEDY. No; I do not know that. I have a few other matters.

The CHAIRMAN. I think for reference this record that you have—is this the indictment, a copy of the indictment?

Mr. KENNEDY. I believe it is.

The CHAIRMAN. We will go back to that a little later. I think it ought to be made an exhibit when we get it properly identified.

Proceed.

Mr. KENNEDY. Were the labels of the Mercury Record Co., counterfeited?

Mr. SIPIORA. As I said before, there were no major labels involved. Neither was Mercury. The only bigger label they took on was a Dot label. Up until then it was what we call offbrand labels.

Mr. KENNEDY. Were they counterfeiting any of the labels of companies in the same category as Mercury Record Co.?

Mr. SIPIORA. No; they weren't.

Mr. KENNEDY. Was it ever suggested to you that you push the records of any particular singer?

Mr. SIPIORA. Once; yes.

Mr. KENNEDY. Who was the singer?

Mr. SIPIORA. Tommy Leonetti.

Mr. KENNEDY. What were the circumstances?

Mr. SIPIORA. Well, Leonetti came in with his manager and he said he had a new record.

Mr. KENNEDY. Ambrosia?

Mr. SIPIORA. Yes; it was.

Mr. KENNEDY. He worked in Chicago?

Mr. SIPIORA. He worked in Chicago; yes. He asked us to help Leonetti, who was just coming up. We told him if the records help, we would do it. We didn't think much of the record. We were honest about it. We didn't buy it. But I think he came back a day later or so and brought us 50 records to distribute to the operators.

Mr. KENNEDY. What did you say?

Mr. SIIPIORA. Well, we accepted them on the ground we would distribute them and if they got any play on the jukeboxes we would go ahead and purchase some.

Mr. KENNEDY. He gave you those free?

Mr. SIIPIORA. That is right.

Mr. KENNEDY. He was anxious for you to take the records?

Mr. SIIPIORA. That is right.

Mr. KENNEDY. He brought in 50 and gave them to you free?

Mr. SIIPIORA. That is right.

Mr. KENNEDY. Then what happened? Did you have another visit?

Mr. SIIPIORA. No. He called us several times and wanted to know what we were doing with the record, why we didn't buy it. We told him it wasn't good enough to get on the boxes.

Mr. KENNEDY. What happened then?

Mr. SIIPIORA. He paid us a visit.

Mr. KENNEDY. What did he say?

Mr. SIIPIORA. That he was disappointed with us; he was not getting cooperation from us.

Mr. KENNEDY. Was he by himself?

Mr. SIIPIORA. He was with someone. I don't know who the individual was. He didn't introduce him.

Mr. KENNEDY. Did you understand he had some underworld connections at that time?

Mr. SIIPIORA. We didn't know until later.

Mr. KENNEDY. What did he do? How did he put his point over when he visited you this time you are describing now?

Mr. SIIPIORA. Well, he was very insistent. He demanded we help him.

Mr. KENNEDY. What did he do?

Mr. SIIPIORA. He was tossing what we felt was a bullet.

Mr. KENNEDY. He had a bullet in his hand?

Mr. SIIPIORA. He was flipping it; yes.

Mr. KENNEDY. What did he say about the bullet?

Mr. SIIPIORA. Well, I don't remember exactly. This has been quite a few years back. Something about they are dangerous and he kept flipping it and that was all.

Mr. KENNEDY. And about what it would do if it entered a person?

Mr. SIIPIORA. Well, yes. Well, he said it was dangerous. He wasn't coming out with us and threatening us directly, but you could imply from what he was doing that—

Mr. KENNEDY. Just describe it. What did he say when he tossed the bullet into the air? Would you tell the committee as you told me downstairs what he said?

Mr. SIIPIORA. Well, "These things can be dangerous. They penetrate flesh," and that was all.

Mr. KENNEDY. That was all?

Mr. SIIPIORA. Yes.

Mr. KENNEDY. What happened after that?

Mr. SIIPIORA. Well, we did get some of the records later because some of the operators, I guess, had calls, and they were asked to buy it. We bought it specifically for the operators.

Mr. KENNEDY. Did you understand that they had people that were out pushing, underworld people that were out pushing this record at that time?

Mr. SAPIORA. We learned soon after that.

Mr. KENNEDY. I mean from talking to your various customers?

Mr. SAPIORA. That is right.

Senator ERVIN. It is worthy of observation that some crimes are committed on the spur of the moment in response to human emotions. But a man who engages in counterfeiting records he commits that crime with deliberation, premeditation, and with malice afterthought for the purpose of greed, nothing more or less.

The CHAIRMAN. The Chair has examined this document that counsel quoted from. It appears to be duly certified by Sidney R. Olsen, clerk of the criminal court of Cook County. This certificate is dated the 20th day of January 1959.

For whatever information this document shows, and for future reference, the Chair will order it made exhibit No. 55, for reference.

So far I am not sure what judge this proceeding was had before, but a Judge Marovitz certified that this man Olsen is the clerk of the court. So we are sure that the clerk of the court is authentic, and we will try to ascertain, if it seems to be pertinent to further testimony, who the judge was before whom the proceedings were had.

This will be made an exhibit for reference at the present.

(Document referred to was marked "Exhibit No. 55" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. The man that came in was flipping the bullet—he was who?

Mr. SAPIORA. Ambrosia.

Mr. KENNEDY. And there was another man with him?

Mr. SAPIORA. I don't know the other man.

Mr. KENNEDY. You never got his name?

Mr. SAPIORA. No.

Mr. KENNEDY. You have been informed in the last week, have you not, that they intend to widen their activities?

Mr. SAPIORA. We have lost more business, yes, in the last few days.

The CHAIRMAN. I would suggest that you come back when we reconvene this afternoon. I am not sure, but there may be some other questions. We may not need you any more, but at any rate, you will remain under your present subpoena, when you are dismissed, subject to being recalled at any time the committee may desire further testimony from you without being resubpenaed. In other words, you will remain under the jurisdiction of the committee.

If anyone undertakes to intimidate or threaten you in any way, you are directed to communicate that information to the committee.

Mr. KENNEDY. Could I ask one more question?

What was the record of Mr. Leonetti?

Mr. SAPIORA. I don't remember.

Mr. KENNEDY. Do you have any idea?

Mr. SAPIORA. It was about 7, maybe 6, years ago.

The CHAIRMAN. The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan, Ervin, Mundt, and Capehart.)

(Whereupon, at 12:09 p.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the afternoon session were Senators McClellan and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, the first witness is Mr. Gilligan, Mr. Edward Gilligan.

The CHAIRMAN. Mr. Gilligan, will you come around, please.

Mr. KENNEDY. Apparently he is not here. He reported in at the office and then he disappeared. I don't know what happened to him.

(At this point Senator Mundt entered the hearing room.)

Mr. KENNEDY. We will have to go on to some other matter. I will call Michael Spagnola.

The CHAIRMAN. Do you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SPAGNOLA. I do.

TESTIMONY OF MICHAEL SPAGNOLA

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SPAGNOLA. Michael Spagnola, 1606 North Lotus Avenue, Chicago, Ill.

The CHAIRMAN. What is your business?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment which protects me from being forced to be a witness against myself.

The CHAIRMAN. Are you involved in some criminal activity?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment which protects me from being forced to be a witness against myself.

The CHAIRMAN. Do you waive counsel? Do you have a lawyer?

Mr. SPAGNOLA. I respectfully decline—

The CHAIRMAN. You are ordered to answer that question. That couldn't incriminate you, whether you have a lawyer or not. I am going to order and direct you to answer that question, with the approval of the committee.

Do you have a lawyer, or do you waive counsel?

Mr. SPAGNOLA. I have no lawyer.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. I just want to fill in something on this morning, Mr. Chairman.

The CHAIRMAN. I assume you waive counsel, if you have none?

Mr. SPAGNOLA. Yes, sir.

Mr. KENNEDY. The chief proprietor of the Lormar Distributing Co. is Chuck English, a brother of Sam English, who was the so-called labor consultant that was hired on behalf of the Chicago Restaurant Association that we had in our hearings last year. He is a very close

associate of Sam Giancana, one of the chief lieutenants of Giancana, and, in fact, in partnership with him.

We have definite information that they have been in partnership in a number of operations over the period of the past 4 or 5 years. He is also a close associate of Tony Accardo but he works chiefly for Giancana, who is now the public enemy No. 1; probably he and Accardo are public enemy No. 1 in and around the Chicago area.

Giancana is the chief gunman for the group that succeeded the Capone mob, one of the younger men that has come along. We have been looking for him now for approximately a year, but he probably has greater control in the underworld syndicate in Chicago than any other figure, with the possible exception of Tony Accardo.

Chuck English and Sam English are two of his chief lieutenants. I thought I would place that in the hearing at this time.

Mr. English will be a witness later on, and we will go more into detail in the matter.

The CHAIRMAN. Let us proceed with this witness, this Mr. Spagnola. All right, proceed.

Mr. KENNEDY. Mr. Spagnola, Mr. Chairman, was another witness who cooperated openly and answered all of the questions just a month or so ago, and I am wondering, Mr. Spagnola, why you have changed your mind.

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. When we interviewed you in Chicago, just 2 or 3 weeks ago, you answered all of the questions very openly and gave us all of the information, and talked about Joey Glimco and your relationship with him, and your relationship with Juke Box Smitty and how you worked for these people, and when you appeared at the office yesterday you wouldn't even tell us whether you had an attorney. What was the change?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. You were also threatened, were you, Mr. Spagnola, to tell you not to testify?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. When I interviewed you, that was the second or third time that you had given information to the committee, and why did you change?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. I can go through what he told us at this time, and the information we have developed.

The CHAIRMAN. Well, use any information you have on him, anything he said to you or any other information that you have, and ask him about the correctness of it.

Mr. KENNEDY. He stated he had been associated with the coin machine industry since 1943 when he was employed by the Illinois Phonograph Association, as its office manager and check signer.

Following the disbandment of this association in 1949, he became associated with the Automatic Distributing Co.

The CHAIRMAN. Is that true?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment, which protects me from being forced to be a witness against myself.

The CHAIRMAN. Did you make that statement?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Do you deny that you made that statement and do you deny that the statement is true?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Now, the Automatic Distributing Co., Mr. Chairman, had the AMI distributorship in the State of Illinois and part of Indiana. He stated he worked for this company since 1946 as an accountant, and in 1949 he became full time.

The company's name was changed in 1949 or thereabouts to the Automatic Phonograph Distributing Co., the APD Co. It still had the AMI distributorship in that area.

He became the vice president and secretary of the new company, and this company retained the AMI franchise. He held this position with the Automatic Phonograph Distributing Co. until 1958.

The CHAIRMAN. Mr. Counsel, are those statements he made? Is what you are reciting here based upon his own statements to you and other members of the staff?

Mr. KENNEDY. That is correct.

The CHAIRMAN. In the course of your interview?

Mr. KENNEDY. Yes.

The CHAIRMAN. You follow closely, and if any error is made in these statements or any inaccuracy about them, you are directed to point out to the committee what they are.

Do you understand?

Mr. SPAGNOLA. I respectfully decline to answer the question.

The CHAIRMAN. I will assume that you are not dumb, and so you do understand. Proceed.

Mr. KENNEDY. He held his position as an officer of this company until 1958, when it lost its AMI distributorship franchise. Since then he has been employed by the AMI Sales, Inc., a wholly owned subsidiary of the AMI Corp.

He became associated with the coin machine industry through his acquaintanceship with Frank Smith, who is a brother of Fred Thomas Smith, and an employee of the Illinois Phonograph Association.

The CHAIRMAN. Is Fred Thomas Smith what we know according to the testimony here as "Juke Box Smitty" of local 134?

Mr. KENNEDY. Frank Smith is a brother of Juke Box Smitty or Fred Thomas Smith.

The CHAIRMAN. All right.

Mr. KENNEDY. Mr. Chairman, the individuals who were originally in the Automatic Distributing Co. were Joey Glimco, who took over in 1946, and Fred Thomas Smith. This was then a distributorship for the AMI Co., with an official of the Teamster Union and an official in charge of the Juke Box Union in the Chicago area, Juke Box Smitty. He worked for that company, which was owned by these two individuals.

In 1949 or thereabouts, they brought in another partner by the name of Phil Weisman.

The CHAIRMAN. Do you deny that you made these statements to counsel or to members of this staff?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment, which protects me—

The CHAIRMAN. If you did make them, are they true or false?

Mr. SPAGNOLA. I respectfully decline to answer that question, and invoke the fifth amendment.

The CHAIRMAN. Could you tell the truth if you had an opportunity?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. He said the accounts brought in by Joey Glimco included Don Amato, and Don Amato's E-Z Music Co. about which we had testimony this morning, and Potatoes Daddano, of North Illinois Music Co.

The CHAIRMAN. Where did that fellow get his name "Potatoes"? Do you know?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Is he related to you in any way?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

Mr. KENNEDY. And Frank Zito, who was a witness here, Mr. Chairman, his distributing company; and Joseph Falucia's Crown Music Service; and Anthony Erice, of E & E Music Co., which was the whip company that was established by the Lormar Co. in order to bring other companies in line. He told us that these accounts were brought in by Joey Glimco; is that right?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment which protects me from being forced to be a witness against myself.

Mr. KENNEDY. You also stated that they were asked to buy records from the Lormar by Joey Glimco for the APD Equipment out on location; is that right?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Do you invoke the fifth amendment when some of these thugs and gangsters interrogate you?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Proceed.

Mr. KENNEDY. He stated that in the early 1950's, he had worked for Michael Dale, of the Illinois Phonograph Association, for a short period of time.

Now, he has no criminal record, Mr. Chairman. That was the sum and substance of his testimony, which was about Joey Glimco. We have no derogatory information, as I say, and he cooperated completely and fully with the staff. I interviewed him for an hour when I was in Chicago, and he answered all of the questions openly and freely. Then he came in yesterday into the office of the committee

and seemed to be scared, and now he appears as a witness refusing to answer all questions.

The CHAIRMAN. Are you scared?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Do you deny that you are scared?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Have you been threatened?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Don't you think the fellow that threatened you is a pretty sorry piece of humanity?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Do you admire him?

Mr. SPAGNOLA. I respectfully decline to answer that question and invoke the fifth amendment.

The CHAIRMAN. Do you love your Government and your country?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Are you married?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Do you have a wife and children?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Where were you born?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. How old are you?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. Are you male or female?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. I just wanted to ask you that to show how ridiculous some of you people are in taking the fifth amendment, and do you want to let the record stand that way?

Mr. SPAGNOLA. I respectfully decline to answer that question.

The CHAIRMAN. It will stand that way on the basis of that answer.

All right. Proceed.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

Stand aside. And call the next witness.

Mr. KENNEDY. Mr. William McCullough.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McCULLOUGH. I do.

TESTIMONY OF WILLIAM E. McCULLOUGH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. McCULLOUGH. William E. McCullough, 1938 South Bishop, Chicago, Ill.

The CHAIRMAN. Thank you very much. What is your present occupation, please?

Mr. McCULLOUGH. I am investigator for Commercial Phonograph.

The CHAIRMAN. Thank you. Do you waive counsel?

Mr. McCULLOUGH. I do.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. McCullough, you retired with the rank of sergeant after 30 years of service with the Chicago Police Department?

Mr. McCULLOUGH. I did.

Mr. KENNEDY. And you went to work subsequently for the Recorded Music Service Association?

Mr. McCULLOUGH. That is correct.

Mr. KENNEDY. And then went to work for the Commercial Phonograph Survey?

Mr. McCULLOUGH. That is true.

Mr. KENNEDY. Which is the operation that was operated by Michael Dale; is that correct?

Mr. McCULLOUGH. That is right.

Mr. KENNEDY. And you are an investigator for them?

Mr. McCULLOUGH. That is true.

Mr. KENNEDY. What sort of services do you perform?

Mr. McCULLOUGH. Well, I investigate all of the contracts, controversies, and losses that Recorded Music send to Commercial Phonograph for service.

Mr. KENNEDY. You get paid part of your salary by the Recorded Music Service Association and part by Commercial Phonograph?

Mr. McCULLOUGH. That is true.

Mr. KENNEDY. And you do these investigative jobs for them?

Mr. McCULLOUGH. I do.

Mr. KENNEDY. Now, as to that payroll, we made an examination of some of the records, and we find that you in fact made surveys and made some reports on them.

Now, there are two or three other individuals on the payroll of Commercial Phonograph Survey, Mr. Gagliano, Mr. Messino, and Mr. Salvatore. They are all on the payroll of the Commercial Phonograph Survey. What do they do?

Mr. McCULLOUGH. Well, I wouldn't know that, because I am only an employee.

Mr. KENNEDY. These are fellow employees, and they are supposed to be out making surveys too. Have you ever worked with them?

Mr. McCULLOUGH. Yes, I have, and I believe you have a deposition covering that.

Mr. KENNEDY. Have you gone around and made surveys with them?

Mr. McCULLOUGH. On one particular occasion I did, yes.

Mr. KENNEDY. Which one? Which one of those individuals?

Mr. McCULLOUGH. I believe in that deposition—

Mr. KENNEDY. I just want the facts from you. I am not familiar with the deposition.

Mr. McCULLOUGH. Well, it is in the deposition. Mr. Dale assigned to me, I would say, about a year ago, or possible longer than that—it might be 2 years ago—and I took them out with me not on survey, but on an investigative report, showing them the type form, the investigative report that we would make, and the facts that we would find and the sequence as it developed that we would report.

Mr. KENNEDY. Did you ever go out with them other than on that one occasion?

Mr. McCULLOUGH. I believe that is the only one.

Mr. KENNEDY. Did you ever see any work that they actually did?

Mr. McCULLOUGH. Well, it would be pretty hard for me to say that.

Mr. KENNEDY. Well, did you ever see them? If you were working in the same offices as they were, did you ever see them around the office?

Mr. McCULLOUGH. I met them on the street.

Mr. KENNEDY. Were they doing work at that time on these jobs?

Mr. McCULLOUGH. They were on surveys; yes.

Mr. KENNEDY. Do you know what kind of work or who they were surveying?

Mr. McCULLOUGH. Well, I think—I am just judging this. I would say that they were establishing a register for Mr. Dale, for Commercial.

Mr. KENNEDY. Did you ever see any work that they did?

Mr. McCULLOUGH. Well, I don't know that I have or not.

Mr. KENNEDY. Did you ever see any report that they made?

Mr. McCULLOUGH. I couldn't say. I don't know whether I ever have or not.

Mr. KENNEDY. Did you ever have a meeting of the employees to discuss the work that you were performing?

Mr. McCULLOUGH. No; we never had.

Mr. KENNEDY. Isn't it a fact that you do all of the work for that company and that you get paid from both associations maybe \$6,000 or \$7,000 and, in fact, everything done by that company is done by you individually, and all the rest of the money goes to these phony employees or to the syndicate? Isn't that correct?

Mr. McCULLOUGH. I don't know that.

Mr. KENNEDY. Well, do you know that these three people all have criminal records?

Mr. McCULLOUGH. No; I do not.

Mr. KENNEDY. Isn't it a fact that you know that none of these other individuals or anybody else in that company does any work other than you?

Mr. McCULLOUGH. No.

Mr. KENNEDY. And that instead of \$75,000 a year, all this service could be performed by you for \$6,000 or \$7,000 or \$10,000 a year?

Mr. McCULLOUGH. Well, Mr. Kennedy, I don't think you understand just how I work. It is very simple for me to explain to you that this situation—

Mr. KENNEDY. I don't question that you do your work, Mr. McCullough. I am just questioning whether anybody else does any work, or whether the services that are provided are worth 90 cents per machine.

Mr. McCULLOUGH. Well, of course, you know that isn't my business.

Mr. KENNEDY. Do you think the service—

Mr. McCULLOUGH. In fact, I don't know that it costs 90 cents.

Mr. KENNEDY. That is what the records show, 90 cents per machine.

Mr. McCULLOUGH. I really don't know that.

Mr. KENNEDY. What do you provide for the employers that they have to pay 90 cents per machine?

Mr. McCULLOUGH. What do I?

Mr. KENNEDY. What does Commercial Phonograph Survey provide?

Mr. McCULLOUGH. Well, I am only an employee, Mr. Kennedy.

The CHAIRMAN. What do you do?

Mr. McCULLOUGH. Well, I do the work; I do the work that is allocated to me by Mr. Dale from Commercial.

The CHAIRMAN. All right, what is it? Let's see what it is.

Mr. McCULLOUGH. Well, we have to preface that a little bit to explain it. We would have to go to the particular time that a location is solicited.

The CHAIRMAN. I don't want to know what particular location.

Mr. McCULLOUGH. Do you want me to explain that?

The CHAIRMAN. I want you to tell us what kind of work you actually do. If you have to get to a location to tell us, get to a location.

Mr. McCULLOUGH. No, I don't have to get to a location to tell you. I am telling you that an operator solicits a location, he gets a contract from the location, he sends it in where it is recorded and processed, and from there it is sent to Commercial Phonograph where, over the telephone in the morning, the girl in Commercial Phonograph gives me the particular work, giving me the name of the location, the address of the location, the operator who secured the contract, the dates on the contract, and the particular individual that signed the contract.

The CHAIRMAN. Then what do you do?

Mr. McCULLOUGH. Then I go out to that location and see what the location looks like, whether it is open or closed, whether there is a phonograph in there, whether there has been a change of ownership, whether an operator had previously been in there or not.

The CHAIRMAN. Then do you make a report?

Mr. McCULLOUGH. Then I make a report to Commercial Phonograph that is, in turn, sent over to Recorded Music.

The CHAIRMAN. A written report?

Mr. McCULLOUGH. That is a verification of that contract.

The CHAIRMAN. A written report?

Mr. McCULLOUGH. I write a report out originally in longhand, send it in over the telephone to a dictaphone, where it is taken off the cylinder and typed and sent over to Recorded Music.

The CHAIRMAN. Do you have those reports on file?

Mr. McCULLOUGH. About 14,000 of them.

The CHAIRMAN. About 14,000 reports?

Mr. McCULLOUGH. That is right.

The CHAIRMAN. Do you know whether these other men that Mr. Kennedy has referred to perform the same identical service you perform?

Mr. McCULLOUGH. Well, I don't think—of course, as I prefaced, Mr. Dale does allocate the work, and I am only an employee. I don't know whether I get all the contracts, they do all the survey work, or not. I don't know that. But I can't see any reason why they wouldn't handle a contract. There is nothing too difficult about it.

The CHAIRMAN. I didn't say there was anything too difficult about it. The only question is: Do they do any work at all that you know of? Actually, do you know of them doing any work?

Mr. McCULLOUGH. Well, I have seen them on the street.

The CHAIRMAN. I have seen a lot of people on the street that were not working.

Mr. KENNEDY. Where did you first meet these people, these individuals?

Mr. McCULLOUGH. Who is that you are talking about?

Mr. KENNEDY. Messino, Gagliano, and Salvatore.

Mr. McCULLOUGH. Well, I don't know as to the meeting as to those names. I think in that deposition that I made about a year ago I met the two men out at a golf outing at, I believe it was, South Mar Country Club, a golf outing of Recorded Music Service. I believe that was late in the afternoon. I think it is in that deposition.

Mr. KENNEDY. Did you ever know their names?

Mr. McCULLOUGH. No, no names were given at that time. I mean mentioned, or asked, or anything else.

Mr. KENNEDY. Do you know their names now?

Mr. McCULLOUGH. I do; yes.

Mr. KENNEDY. Have you always known their names?

Mr. McCULLOUGH. No; I have not.

Mr. KENNEDY. The only time you really saw them, then, was at a golf course; is that right?

Mr. McCULLOUGH. No; that is not the only time I saw them. I saw them up around the Cub's Park, on a survey, on Addison Street.

Mr. KENNEDY. How do you know they were on a survey?

Mr. McCULLOUGH. Because they told me. I saw them on the street and stopped and talked to them.

Mr. KENNEDY. You remembered them from the golf course?

Mr. McCULLOUGH. Sir?

Mr. KENNEDY. You remembered them from the golf course?

Mr. McCULLOUGH. One of them I do. I think it is Messino.

Mr. KENNEDY. What are their names?

Mr. McCULLOUGH. Willie Messino, Gagliano.

Mr. KENNEDY. What is Gagliano's first name?

Mr. McCULLOUGH. I think his first name is—gee, I don't know. I know Salvatore's is Joe. I think they call him Rocky, or something, Gagliano. Don't they call him Rocky or something? I tried to explain to you, before you got me tangled up in this thing—

Mr. KENNEDY. I am not trying to.

Mr. McCULLOUGH. I tried to explain to you that it is a strange way that I work.

Mr. KENNEDY. I think it is a stranger way that they do.

Mr. McCULLOUGH. You can be just as innocent as I am of this.

Mr. KENNEDY. I am not questioning that you are innocent. I am not putting any of this responsibility on you. But even going through these 14,000 reports, you couldn't find any reports that had been prepared by anybody other than yourself, could you?

Mr. McCULLOUGH. Who said that?

Mr. KENNEDY. Could you?

Mr. McCULLOUGH. I don't know that I ever picked out a report to anyone that I actually made myself.

Mr. KENNEDY. Are you able to pick out any reports that were made by anyone else?

Mr. McCULLOUGH. I don't think it would be too—I don't say that I was. But I also answer that I didn't specifically state that I made any one of those reports. I wasn't asked any report of any recent date that some features possibly might—

Mr. KENNEDY. Do you think for an employer who has 100 machines, for instance, that the service you perform is worth \$1,100 a year?

Mr. McCULLOUGH. Do I think that?

Mr. KENNEDY. Yes.

Mr. McCULLOUGH. That isn't my concern. I don't have any thoughts on that. In fact, I don't have time enough for it.

Mr. KENNEDY. The question is whether this money, in fact, that has to be paid, and which is forced to be paid by the union official, "Jukebox Smitty," who goes to the operators and says, "You have got to pay 90 cents per machine"—

Mr. McCULLOUGH. Who goes to them?

Mr. KENNEDY. "Jukebox Smitty."

Mr. McCULLOUGH. Oh.

Mr. KENNEDY. The head of the jukebox local goes to these operators and says, "You have to join the Commercial Phonograph Survey; you have to pay 90 cents per machine per month in order to belong to the Commercial Phonograph Survey; and you have to do that in order to belong to the union," and these operators then have to pay to this group.

The question is whether this is not just an extortion, whether this money is not just going, for instance, to three fictitious individuals, plus money to Michael Dale and his people, and whether you are in fact the only one that does any work for this group at all.

Mr. McCULLOUGH. How do you get that idea?

Mr. KENNEDY. Well, can you tell us whether they are doing any work? These are your fellow employees.

Mr. McCULLOUGH. I also haven't told you any particular work that I have done.

Mr. KENNEDY. I have seen some of the reports and I am convinced that you probably do some work. I think probably this whole operation, instead of having an income of some \$80,000 or \$90,000 a year, could get by on \$7,000 to \$10,000 a year, with you, with the services that are actually performed. Isn't that right?

Mr. McCULLOUGH. I wouldn't have an opinion on that.

Mr. KENNEDY. Well, the people that we can probably get the opinion from and find out whether they work—we have Gagliano, Messino, and Salvatore here, Mr. Chairman. We can ask them.

The CHAIRMAN. You can ask, but I don't know whether you will an answer. We will see. Do you want to call them?

Mr. KENNEDY. Yes.

The CHAIRMAN. What are the names?

Mr. KENNEDY. Gagliano, Messino, and Salvatore.

Do you want to meet them, Mr. McCullough?

The CHAIRMAN. Just keep your seat, please.

Mr. KENNEDY. Do you know which ones these are?

The CHAIRMAN. Let's have them sworn, all three of them.

Do you and each of you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SALVATORE. I do.

Mr. GAGLIANO. I do.

Mr. MESSINO. I do.

**TESTIMONY OF ROCCO SALVATORE, JOSEPH GAGLIANO, AND
WILLIAM MESSINO**

The CHAIRMAN. Beginning with you on my left, what is your name?

Mr. SALVATORE. Rocco Salvatore.

The CHAIRMAN. And your name, please, in the center?

Mr. GAGLIANO. Joseph Gagliano.

The CHAIRMAN. How do you spell it?

Mr. GAGLIANO. G-a-g-l-i-a-n-o.

The CHAIRMAN. And you on the right?

Mr. MESSINO. William Messino.

The CHAIRMAN. All right, Mr. Salvatore, what is your address?

Mr. SALVATORE. I decline to answer it on the ground it may tend to incriminate me.

The CHAIRMAN. You live in that kind of a community, do you?

Mr. SALVATORE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. What business are you in?

Mr. SALVATORE. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. It has been said here that some of you have been seen out on the street. Would that apply to you?

Mr. SALVATORE. I decline to answer that question on the ground it may tend to incriminate me.

The CHAIRMAN. You got the incriminations, too, have you?

Let's see about the next one.

What is your place of residence?

Mr. GAGLIANO. I decline to answer any questions.

The CHAIRMAN. You live in the same neighborhood, do you?

Mr. GAGLIANO. I decline to answer.

The CHAIRMAN. I am going to order you to answer unless you take the privilege.

Mr. GAGLIANO. I take the fifth amendment. I invoke the fifth amendment.

The CHAIRMAN. You think it might incriminate you to tell where you live?

Mr. GAGLIANO. Any questions may incriminate me.

The CHAIRMAN. Not the question. The answer might. You mean the answer, don't you?

Mr. GAGLIANO. Well, any answer.

The CHAIRMAN. Well, the next one on the right.

Mr. MESSINO. I decline to answer on the ground—

The CHAIRMAN. I haven't asked you anything yet. You are going to skin a leg jumping the traces that fast.

Where do you live? I am talking to you, now. I have asked you a question. Where do you live?

Mr. MESSINO. I decline to answer on the ground my answer may tend to incriminate me.

The CHAIRMAN. What kind of business are you in?

Mr. MESSINO. I decline to answer.

The CHAIRMAN. You are ordered to answer.

Mr. MESSINO. I decline to answer on the ground that my answer may tend to incriminate me.

The CHAIRMAN. Now, Mr. McCullough, I will ask you if you know these men?

TESTIMONY OF WILLIAM E. McCULLOUGH—Resumed

Mr. McCULLOUGH. Yes.

The CHAIRMAN. That is, these citizens here?

Mr. McCULLOUGH. Yes; I do.

The CHAIRMAN. Do they live in your neighborhood?

Mr. McCULLOUGH. No, they don't. I don't think so.

The CHAIRMAN. Which one of them do you know?

Mr. McCULLOUGH. I know all three of them.

The CHAIRMAN. Did you meet them all at a golf course?

Mr. McCULLOUGH. Sir?

The CHAIRMAN. Did you meet all of them at a golf course?

Mr. McCULLOUGH. No. I think the only one here that I met at the golf course was Willie Messino.

The CHAIRMAN. How long ago was that?

Mr. McCULLOUGH. That was with another employee.

The CHAIRMAN. How long ago has that been?

Mr. McCULLOUGH. I would say possibly 2 years ago. But it is outlined in that statement there.

The CHAIRMAN. I am not talking about the statement. I just asked you to testify on it. About 2 years ago. How many times have you seen him since?

Mr. McCULLOUGH. I have seen him about three times since.

The CHAIRMAN. About three times in 2 years. Was he on the street every time you saw him?

Mr. McCULLOUGH. He was outside.

The CHAIRMAN. Outside of what?

Mr. McCULLOUGH. Well, he was on the golf—he was outside the clubhouse, at the golf meet; he was up working around Cub's Park on Addison Street.

The CHAIRMAN. Did you say working?

Mr. McCULLOUGH. Working; yes.

The CHAIRMAN. What was he doing?

Mr. McCULLOUGH. I assumed he was on survey that day.

The CHAIRMAN. You assumed?

Mr. McCULLOUGH. Well, there is not—you can make a survey—

The CHAIRMAN. From what you say, did you think he was working?

Mr. McCULLOUGH. You can make a survey in 2 or 3 minutes, you know. It doesn't take a great deal of time to make a survey. It only takes name of location, address, phonograph, and operator. So it can be done very easily, and then the register is made of that.

The CHAIRMAN. How about the others? How about that one in the middle, Gagliano, or whatever his name is. Do you know him?

Mr. McCULLOUGH. Yes, I think—I believe—I would say that I have met Gagliano.

The CHAIRMAN. Would you say where?

Mr. McCULLOUGH. Yes. I sort of recall it up or around Western—let's see. Not too far north. I think around Chicago Avenue and Western, in Chicago.

The CHAIRMAN. North in Chicago?

Mr. McCULLOUGH. That is right.

The CHAIRMAN. How many times have you seen him before today?

Mr. McCULLOUGH. Do you mean Gagliano?

The CHAIRMAN. Yes, Gagliano.

Mr. McCULLOUGH. I think I have to retract that. I saw Gagliano at a wake one night, too. I have seen him possibly——

The CHAIRMAN. Mr. Gagliano, would you tell us who the corpse was? Would that incriminate you?

I asked Mr. Gagliano if he would tell us who the corpse was.

Mr. GAGLIANO. I decline to answer the question and invoke the fifth amendment.

The CHAIRMAN. All right.

I don't like to bring dead people's names into it, but I wondered if you would be willing to say who you attended the wake with or for.

Mr. McCULLOUGH. I could cover that. I will say I have seen him three times.

The CHAIRMAN. Where? At a wake?

Mr. McCULLOUGH. We went over that. Western and Chicago was one, and I—I believe two wakes.

The CHAIRMAN. You have seen him at two wakes?

Mr. McCULLOUGH. We are great wake-goers.

The CHAIRMAN. You have a lot of mutual friends, have you not? Do you know the other one, Salvatore?

Mr. McCULLOUGH. No, not very well.

The CHAIRMAN. Have you ever seen him before?

Mr. McCULLOUGH. I couldn't say.

The CHAIRMAN. You doubt it somewhat, don't you?

Mr. McCULLOUGH. I don't have doubts.

The CHAIRMAN. You don't? You don't doubt? You are sure you haven't seen him before? Are you sure you haven't seen him before?

Mr. McCULLOUGH. I wouldn't say that I haven't seen him before.

The CHAIRMAN. Well, would you say that you have?

Mr. McCULLOUGH. I just said that I haven't seen him before. I will say that—I mean, I wouldn't say that.

The CHAIRMAN. Well, what are you saying?

Mr. McCULLOUGH. You are going to put me in it.

The CHAIRMAN. Have you seen Salvatore before?

Mr. McCULLOUGH. Well, it seems to me that I have.

The CHAIRMAN. Where does it seem to you?

Mr. McCULLOUGH. Well, I know, but I can't—you know, I see a lot of people. I can't put it right down on paper at this particular time, the day and date and time.

The CHAIRMAN. Was he not at the wake?

Mr. McCULLOUGH. But it is not a strange face to me.

The CHAIRMAN. His face is not a strange one?

Mr. McCULLOUGH. No.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, I erred when I said all had police records. We know of no record on Mr. Salvatore.

The CHAIRMAN. Only on the other two?

Mr. KENNEDY. That is correct.

The CHAIRMAN. Let the record stand corrected.

Mr. KENNEDY. Mr. Messino, according to our records, has worked for Commercial Phonograph Survey Service Co.—Mr. Messino in the center, is that you?

The CHAIRMAN. On the right.

Mr. KENNEDY. You are Mr. Messino?

Mr. MESSINO. Yes, sir.

Mr. KENNEDY. Mr. McCullough has seen him, I believe, on two occasions. He has worked for Commercial Phonograph Survey and Service Co., in 1951, 1952, 1953, 1954, 1955 and 1958 that we know of, and we believe that he is still working for Commercial Phonograph Survey Service Co.

Is that right?

Mr. MESSINO. I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. He has been convicted and sentenced for armed robbery, Mr. Chairman.

The CHAIRMAN. Whom did you rob?

Mr. MESSINO. I decline to answer on the ground that my answer might tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. He worked for Mrs. Anthony Accardo as a handyman, worked around her grounds, in 1952 and later on.

Is that correct?

Mr. MESSINO. I decline to answer on the ground my answer may tend to incriminate me.

Mr. KENNEDY. Aren't you just placed on the payroll of this Commercial Phonograph Survey Service Co. in order to get some of the money? This is a way of channeling some of the money to you underworld figures. You are an assistant to Tony Accardo? You were placed on the payroll because of the fact of your friendship with Tony Accardo?

Mr. MESSINO. I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. This is a way to enable you to get some money; isn't that right?

Mr. MESSINO. I decline to answer on the ground that my answer might tend to incriminate me.

Mr. KENNEDY. It is a shakedown and you get some of the money out of it; is that right?

Mr. MESSINO. I decline to answer on the ground that my answer may tend to incriminate me.

Mr. KENNEDY. Gagliano, Mr. Chairman, has been with Commercial Phonograph Survey & Service Co. from 1954 on. He has been convicted of armed robbery, gambling, and has also been arrested a number of different times.

Is that right?

Mr. GAGLIANO. I decline to answer. I invoke the fifth amendment.

Mr. KENNEDY. Isn't it correct, also, that you were placed on the payroll, again because of an effort to channel some money to you from the jukebox racket in Chicago?

Mr. GAGLIANO. I decline to answer. I invoke the fifth amendment.

Mr. KENNEDY. And you were placed on there because of your contacts with the underworld, and the fact that you perform various services for major underworld figures yourself; is that right?

Mr. GAGLIANO. I decline to answer the question. I take the fifth amendment.

Mr. KENNEDY. Mr. Rocco Salvatore is on the payroll of this company. At least he has received some money from them, Mr. Chairman.

Is that correct?

Mr. SALVATORE. I decline to answer the question. It may tend to incriminate me.

Mr. KENNEDY. We understand that he has also been on the payroll up until 1957, Mr. Chairman—it is of some interest, although we haven't the exact figures, that according to our information he hasn't filed an income tax return since 1953.

Is that right, Mr. Salvatore?

Mr. SALVATORE. I decline to answer that question because it might tend to incriminate me.

Mr. KENNEDY. And yet according to the information we have, you own a 1958 Oldsmobile. Would you tell us where you got the money for that?

Mr. SALVATORE. I decline to answer that question on the ground it may tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any questions from any members of the committee?

Mr. KENNEDY. Maybe Mr. Kaplan could explain our new chart.

The CHAIRMAN. You have been sworn, have you, Mr. Kaplan?

Mr. KAPLAN. Yes, sir.

(Members of the select committee present at this point: Senators McClellan, Mundt, Curtis, and Capehart.)

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

Mr. KENNEDY. Mr. Chairman, we also had another employee we were looking for on the payroll of this company, Mr. Lawrence Rossano. Mr. Rossano has been convicted of larceny, a violation of probation, armed robbery, and burglary. He is another one.

The CHAIRMAN. Do they have any employees that are not former convicts?

Mr. KENNEDY. Mr. McCullough, and we don't have any criminal record on Salvatore. But the information that we have is that Mr. McCullough does everything.

The CHAIRMAN. I see names there on the chart. I suppose he is going to testify to them now.

Let us not reflect upon anyone where he has no criminal record, if he hasn't. So as we go over the chart, if you call a name, if they have no criminal record, I want you to so indicate.

Proceed with your chart.

Mr. KAPLAN. This chart was drawn so that we could illustrate briefly the flow of a payoff of over \$100,000 a year by the jukebox operators in Chicago for what they have termed "peace" in the industry.

The CHAIRMAN. Does that represent all of Chicago, now?

Mr. KAPLAN. Just the city of Chicago, sir; not some of the areas we covered with other witnesses outside of Chicago.

The CHAIRMAN. That chart does not cover all of this area that has been testified to here before the committee?

Mr. KAPLAN. No, sir. As a matter of fact, it was this setup that some of the prior witnesses testified to they were trying to get for protection in their area and it fell through.

The CHAIRMAN. I see. All right.

Mr. KAPLAN. There are three entities to which the jukebox operators must make payments in order to stay in business in Chicago.

The CHAIRMAN. They had to make payments to three separate sources?

Mr. KAPLAN. Yes, sir; in order to effect the present setup that is in Chicago.

The CHAIRMAN. In order to secure peace?

Mr. KAPLAN. To secure peace.

The CHAIRMAN. To make peace secure.

Mr. KAPLAN. And this is their phrase. We have visited many operators and this is the way they talk about it.

The CHAIRMAN. They talk about "so you will have peace to operate your business in peace"?

Mr. KAPLAN. Yes, sir. I will state in prolog that is based upon fairly accurate figures from various sources. This is for the year 1956. But it is, I believe, an accurate representation of the years before and up until this time, at least from 1951 on. There may be some changes.

Something like \$15,800 in dues went to the coin machine division of local 134. That is where the business representative is Fred Thomas Smith.

The CHAIRMAN. That is where you have 200 men of the 20,000 membership who are in the coin division, as they term it, of that union?

Mr. KAPLAN. Yes, sir. This is set off like this because it has been described to us by the union people as an autonomous unit of 134 about which they have no information on its operations or anything else. They have records of the names of the men, but nothing more. Only "Jukebox" Smith was the man who knew about its actual running.

Of that \$15,800 that goes into the union, Smith has taken out in 1956 on recorded payments \$10,700 for salary and expenses.

On the other side we have here the Jukebox Operators Association, the Recorded Music Service Association, Inc., which was formed in 1949, early 1950, after an Illinois investigation resulted in disbanding the former one. The payment for 25 cents apiece per machine per month by the operators comes out to this—these have all been made round figures—\$24,000.

Then the operators also have to subscribe to the services of a company which is owned as a sole proprietorship by Michael Dale. This is the Commercial Phonograph Survey, which is down here [indicating], and this is where the bulk of this money goes.

In turn, from the records we have, the money has been distributed in the following manner.

The CHAIRMAN. How much went into CPS?

Mr. KAPLAN. \$74,000 in the year 1956, sir.

The CHAIRMAN. \$74,000. You have \$24,000, \$15,800; that is nearly \$40,000, and \$74,000—

Mr. KAPLAN. It amounts to about \$114,000.

The CHAIRMAN. In other words, these figures are not accurate, but it is that much or more?

Mr. KAPLAN. Yes, sir. These are the most conservative figures we could use, sir.

The CHAIRMAN. All right.

Mr. KAPLAN. On this side, the right side, we have indicated what appear to be legitimate expenses, assuming the legitimacy of Dale's operation. This would be for office and administrative expense of \$9,500; for Mr. McCullough's salary and expenses for the year, \$6,900; for an office secretary, \$3,000, and for one of Mr. Dale's services, which is the publication of what he terms a news scope, which is supposed to keep operators advised of goings on in the industry, it costs him \$312.

The CHAIRMAN. You got those figures from his books?

Mr. KAPLAN. Yes, sir, from his books and accountant's figures.

The CHAIRMAN. All right.

Mr. KAPLAN. On this other side we have some \$25,000 going out to Mr. Dale. That is the split-up from the \$74,000. This is the way it goes.

The CHAIRMAN. The legitimate expense over there is part of the \$74,000?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. All right. The balance of the \$74,000 goes in this manner. How?

Mr. KAPLAN. \$25,000 to Dale, Michael Dale.

The CHAIRMAN. What is he? What is his official title?

Mr. KAPLAN. He is the owner of this company, sir, a sole proprietorship.

The CHAIRMAN. He is the owner of the company?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. All right.

Mr. KAPLAN. \$7,700 to Mr. Rossano. Mr. Rossano is one of the three people Mr. Kennedy mentioned who did have a criminal record. We have not been able to find Mr. Rossano in spite of very strenuous efforts to get him. Mr. Messino, \$7,000. He has a criminal record.

The CHAIRMAN. Is that the Messino who appeared today?

Mr. KAPLAN. Yes, sir. \$6,500 to Mr. Gagliano.

The CHAIRMAN. Is that the one sitting in the center?

Mr. KAPLAN. Yes, sir. There was \$675 paid to a Mr. Tano in that year.

The CHAIRMAN. 1956?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. All right.

Mr. KAPLAN. And we cannot account for another \$7,000 of this \$74,000. We have no way of knowing where it went.

Mr. KENNEDY. At least some of that has gone to Mr. Salvatore?

Mr. KAPLAN. That could well be, sir.

The CHAIRMAN. Do you have any record of it going to him?

Mr. KAPLAN. No, sir, because he came on the following year. We have no record of it from what we could pick up.

The CHAIRMAN. I mean, their records actually don't identify it as going to him?

Mr. KAPLAN. No, sir.

Senator MUNDT. What service are the operators supposed to get for this \$74,000?

Mr. KAPLAN. Well, Mr. Dale states that he performs a public relations service for the operators. He keeps the location owners happy when they are upset with the kind of service they are getting. He tells the operators whether the contracts they are supposed to have with locations are authentic.

There are piles and piles of slips going to the association from Mr. Dale's company in which he says, "We have verified your contract with location X and we find it authentic in every respect." Nobody can quite explain to us what they mean by this, except that the man who signed the contract is apparently the man that signed the contract. They go around and ask him if he signed the contract and he says, "Yes, I signed it."

We could never get an operator to tell us what additional value this was to the operator. He also put out this news scope which is a canned information leaflet which he sends once a month that he buys from some news service, and on the back of which he might add some little comments which are then printed and sent out to the subscribers of his service.

I think I might point out that all of the operators subscribed to Mr. Dale's service en masse when he set up this service in about 1949 or 1950, when this organization, RMSA, was set up. After investigation in 1953 or 1954, he converted that contract with the association over into individual contracts with the operators.

We had some testimony on that yesterday.

Senator CURTIS. Who pays in that \$100,000?

Mr. KAPLAN. That money is paid by the individual jukebox operators, sir.

Senator CURTIS. By a jukebox operator, do you mean the place of business where it is located, or the man who owns the machine that sets it there?

Mr. KAPLAN. The man that owns the machine that sets it there.

Senator CURTIS. Is that a voluntary payment?

Mr. KAPLAN. We have had testimony that it is not a voluntary payment, but it is necessary in order to get affiliated with the union.

Senator CURTIS. It is necessary in order to be affiliated with the union?

Mr. KAPLAN. Yes, sir.

Senator CURTIS. Then, according to that chart up there, what arm of this apparatus is the enforcing arm?

Mr. KAPLAN. The enforcing arm is Mr. Smith, sir.

Senator CURTIS. Using the union?

Mr. KAPLAN. Yes, sir; using his power in the union as a union representative.

Senator CURTIS. In other words, he uses prerogatives and power vested in unions generally to set this whole apparatus in motion and going?

Mr. KAPLAN. Well, he uses his known stature as a business representative of the local; yes, sir. He is the person that goes around when they get a new operator, the one we have had testimony about here, and he is the one who tells them, "You take care of the bills from Dale."

Senator CURTIS. Did you know that that \$10,700 was all that he got out of that?

Mr. KAPLAN. No, sir; we do not.

Senator CURTIS. These items that you have enumerated, are they equal to \$100,000?

Mr. KAPLAN. They come to more than \$100,000, sir.

Senator CAPEHART. Mr. Chairman?

The CHAIRMAN. Senator Capehart.

Senator CAPEHART. What do you understand these operators pay this \$100,000 for?

Mr. KAPLAN. They pay this money to effect a collusive trade restraint in Chicago, and now they are paying it to Dale and, of course, to the union, in order to enforce it. They have been unhappy to pay it, from what we can gather, but they have to pay it.

Senator CAPEHART. For what purpose? What returns do they get for it?

Mr. KAPLAN. Well, for the operators that are pleased with it, and have been there a long time and who are the largest operators, they get almost control of the industry. They don't get any competition coming in, they don't get any more operators knocking away at their location. They don't get any competition. They are able to keep the old machines on location. They are able to keep location owners from owning their own machines.

Senator CAPEHART. In other words, what they do, if an operator has 100 machines in 100 locations, by virtue of paying 90 cents a month per machine to this organization, he is guaranteed to keep those 100 machines forever; is that your understanding?

Mr. KAPLAN. This is pretty well guaranteed. In the last month or two we have had a new situation coming up in which the guarantees are not being kept. That is, even the operators who are paying into this association are continuing to lose some of their better locations to hoodlum-controlled outfits.

Senator CAPEHART. In other words, it is a setup for an organization to control the business in Chicago.

Mr. KAPLAN. Yes sir. It is a payoff to the hoodlums to leave these guys alone, in effect, because if they had paid the money directly into the union, then, of course, they would lose control of it, since it would go into the regular office bookkeeping setup and then be recorded.

But if they pay it to Dale and it is a sole proprietorship it has been their belief, apparently, nobody could get these books or figures about them on the ground that they would be privileged and, consequently, nobody would know who was getting that money.

Senator CURTIS. Did anybody pay any taxes on that \$100,000?

Mr. KAPLAN. I am quite certain the legitimate operators would be paying the money—

Senator CURTIS. No; after it left their possession.

Mr. KAPLAN. Mr. Smith, Mr. Dale, these several gentlemen, make tax returns. Some of them do not, apparently. But these people—

The CHAIRMAN. What about on the original \$100,000-plus?

Of course, that comes through many operators. I wonder if they can charge off that 90 cents a machine to legitimate expenses and, therefore, pay no tax on it?

Mr. KAPLAN. Yes, sir. Many of the operators are actually paying union dues on their employees at roughly about \$7-something per quarter.

The CHAIRMAN. Is that charged off as a legitimate operating business expense, and no income tax is paid on it?

Mr. KAPLAN. Yes, sir. We have some operators who are charging that money off as a business expense.

The CHAIRMAN. So there is no income on the original \$100,000; no income tax paid on it?

Mr. KAPLAN. Exactly, sir.

The CHAIRMAN. But as it gets down to the hands of Dale, Rossano, and those others, presumably they would have the duty of paying tax on it. Whether they do not, of course, is something else.

Mr. KAPLAN. The money for Commercial Phonography Survey is deducted by every operator we have examined as a business expense, and the money to their association is deducted by every operator as a payment to a nonprofit trade association.

The CHAIRMAN. Is there anything further?

The chart will be made exhibit No. 56.

(Chart referred to was marked "Exhibit No. 56" for reference and will be found in the appendix on p. 17213.)

Mr. KENNEDY. This, Mr. Kaplan, is just one area in which they have been able to channel money?

Mr. KAPLAN. Yes.

Mr. KENNEDY. We discussed this morning, and we will be discussing later, the operations of the labor distributing company, where they have to purchase a certain percentage of their records. That is one way that the gangsters of the underworld get some money out of this industry. This is a second way that they get money out of the industry?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. This is enforced, as the other one is, by the efforts of this union official who goes around?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. In addition, the people of that area, Chicago, and the Chicago area, must suffer because the equipment in the various places where these boxes are located is not going to be as good equipment as it might be; is that correct?

Mr. KAPLAN. That is true.

Mr. KENNEDY. The competition is prevented by this operation.

Mr. KAPLAN. There is no competition.

Mr. KENNEDY. There is no competition at all, except the hoodlum companies that come in from the outside and start to take over. Nobody else can do it, however.

Mr. KAPLAN. Actually, when the hoodlum companies are competing, the public does not benefit, because they are not competing on the ground of offering better service, better equipment, or better prices. They are just competing with somebody who cannot stand up to them and cannot pay the protection. In addition, the Chicago asso-

ciation, the Chicago group, was the first outfit in the country where the whole city, en masse, went over to 10-cent play. The net result was the public was suddenly paying twice as much to even get music out of a jukebox, and the changeover was made because the operators well knew that nobody would be able to come in and give a jukebox service at a nickel a pay.

Mr. KENNEDY. To show how tight this area is, we looked at the testimony we had yesterday, that a location owner cannot own his own machine, or cannot even change the distributors. If he does not like the kind of machine that is coming in, he can get the machine out of there, but he can't get anybody to bring in a new machine for at least 90 days.

Mr. KAPLAN. That is right. This is part of the cost that is borne by the operators to maintain this office where they have these location lists. Before an operator will move into a new location, he has to call this office to find out when the old operator moved out, and then conform with the rules of the association and wait at least 90 days before daring to even put a machine into an empty location.

Mr. KENNEDY. So we have had the operations of the union, forcing the operators into making this payoff to Michael Dale. We have had this activity in Chicago. We have had the activity attempted outside of Chicago, where it failed because the gangsters were so big, the ones that came out there, and they are now moving at this very time with these various operations. We have had gangsters taking over a record company and taking over the pinball machines in those counties that allow them to operate in order to control the gambling.

There is a direct connection between the corruption of public officials and the operation of these pinballs in those areas.

Mr. KAPLAN. Yes, sir.

Senator MUNDT. Is this exclusively a racket that has gotten into this record playing, or so-called jukebox business, or does it gravitate out to other types of coin machines, where you pull a plunger and a little ball runs around a race track or a baseball game, or what?

Mr. KAPLAN. Yes, sir. We will have evidence on a separate segment of the Chicago operations where they have a game machine setup, and we will show how that is handled by racketeers.

Senator MUNDT. The same group of racketeers or a separate bunch?

Mr. KAPLAN. From all we can gather, the same bunch. This appears to relate directly to the very highest echelon of what they term in Chicago "the syndicate."

Senator MUNDT. Who gives the orders to fellows like Rossano and Messino and Gagliano, and the others? Do they get their orders from Dale or from "Juke Box" Smitty?

Mr. KAPLAN. I don't know if they get any orders at all, sir, because we can't find any work they have ever done.

Senator MUNDT. They are getting paid for something, either intimidating people, threatening people, or rendering a legitimate service. They are getting paid. Presumably a syndicate is not an eleemosynary institution. They are not just giving it to these fellows to let them live without engaging in a crime to go to jail. They must be doing something. Somebody must tell them what to do.

Mr. KAPLAN. As best as we can determine, Mr. Dale and Mr. Smith are also only tools of others who are giving orders.

Senator CURTIS. Who are those other people?

Mr. KAPLAN. Sir, I don't know that. We will have some evidence; I think, that will give substantial leads to them.

Senator MUNDT. Somebody of the underworld?

Mr. KAPLAN. Yes, sir.

Senator MUNDT. Do you think whoever it is in the underworld, the syndicate, the Mafia, or whatever it is, are the same men who give orders to Smith and Dale, and give orders to these sandlot criminals, too?

Mr. KAPLAN. Yes, sir. I am quite certain that what moneys they get, they get for services that are not performed here, but for services performed in other activities.

The CHAIRMAN. Is there anything further with these witnesses?

Mr. KENNEDY. Mr. Chairman, we have here in the committee room Michael Dale. Maybe he would come around and ask them to tell us about it.

The CHAIRMAN. Mr. Dale?

You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. DALE. I do.

TESTIMONY OF MICHAEL DALE

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. DALE. My name is Michael Dale. My address is 6807 North Sheridan Road, Chicago.

The CHAIRMAN. Mr. Dale, what is your business, please, sir?

Mr. DALE. I respectfully decline to answer the question on the ground that the answer might tend to incriminate me.

The CHAIRMAN. Don't you want to refute some of this testimony the committee has heard here regarding some operations? Don't you want to deny it, to say it is not true?

Mr. DALE. I respectfully decline to answer that question on the ground that the answer might tend to incriminate me.

The CHAIRMAN. Do you honestly believe that if you gave a truthful answer, a truthful answer might tend to incriminate you? Do you honestly believe that?

Mr. DALE. I respectfully decline to answer that question on the ground—

The CHAIRMAN. With the permission of the committee, the Chair is going to order and direct you to answer the question, whether you honestly believe if you gave a truthful answer to the question, what is your business or occupation, that a truthful answer might tend to incriminate you.

With the permission of the committee, the Chair orders and directs you to answer that question.

Mr. DALE. I haven't waived an attorney, and I would like—

The CHAIRMAN. Do you have an attorney present?

Mr. DALE. No; I haven't.

The CHAIRMAN. When was this witness subpoenaed?

Mr. KAPLAN. I think in about August of 1957, sir. This is the subpoena.

The CHAIRMAN. What have you done about getting an attorney?

Mr. DALE. I have an attorney in Chicago, and I didn't bring him with me to Washington.

The CHAIRMAN. Well, if you wanted him, I would assume you would have brought him with you.

Mr. DALE. I didn't think that I needed him.

The CHAIRMAN. Do you think now that you need one?

Mr. DALE. Well, I believe I could answer the question, as "yes."

The CHAIRMAN. You think that you can answer the question "yes"?

Mr. DALE. Yes, sir.

The CHAIRMAN. That you honestly believe if you gave a truthful answer, the truth might tend to incriminate you. That is what you are saying?

Mr. DALE. Yes, sir; I believe so.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Dale, as the situation was described by Mr. Kaplan and indicated through the testimony, described by the testimony of these other witnesses, this is just a shakedown operation that you operate. Is that testimony correct?

Mr. DALE. I respectfully decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Nobody gets any benefit out of it other than you and some of your criminal associates; is that not right?

Mr. DALE. I respectfully decline to answer that question.

The CHAIRMAN. Does Mr. Dale have a criminal record?

Mr. KENNEDY. He does not.

Isn't that what this situation is, to shake down the operators so that you and your criminal associates and friends can obtain some income?

Mr. DALE. I respectfully decline to answer that question on the grounds that the answer may tend to incriminate me.

Mr. KENNEDY. And it is operated because of your relationship with the Jukebox Smitty, is it not?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground the answer may tend to incriminate me.

The CHAIRMAN. Who is this "Smitty" we are talking about? Do you know him?

Mr. DALE. Sir, I respectfully decline to answer that question on the grounds that the answer might tend to incriminate me.

The CHAIRMAN. Do you know anybody whom you can admit knowing without the possibility of self-incrimination?

Mr. DALE. No.

The CHAIRMAN. Do you know these witnesses around you there, and the one sitting right next to you is Gagliano, the one right on your right. Do you know him?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Do you know the one Messino, sitting right behind you dressed in brown? Look at him. He is right behind you. Do you know him?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground that the answer may tend to incriminate me.

The CHAIRMAN. Do you know this one named Salvatore, the one with glasses on, sitting over there?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground the answer may tend to incriminate me.

The CHAIRMAN. I am sure you know Mr. McCullough, don't you, the gentleman who is a former policeman? Do you know him, the one sitting directly behind you?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground that the answer may tend to incriminate me.

The CHAIRMAN. What is it about these people that might incriminate you, if you admit that you know them? What is there about them? I think Mr. McCullough appeared to be a pretty good fellow. He went up in the police force, and as far as I know he is earning his money and trying to do a good job for you. What is there about these people that is likely to incriminate you if you admit that you knew them?

Do you want to leave the impression here in this record that you associate with people and you have people working for you, on your payroll, and you can't even admit knowing them without self-incrimination, something that would reflect on you? Is that the way you want to leave this record?

Mr. DALE. Sir, I respectfully decline to answer that question on the ground that it may tend to incriminate me.

The CHAIRMAN. You are bound to know the record will be left that way if you leave your answer that way, don't you? You know that, don't you?

Mr. DALE. Yes, sir.

The CHAIRMAN. Fine. I have one answer out of you.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, to show again the close relationship with Jukebox Smitty and this witness, you have employed, have you not, while Jukebox Smitty was head of the local, you have employed his two brothers, William Smith and Frank Smith, isn't that right, as well as these other individuals?

Mr. DALE. I respectfully decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. So you have had on the payroll at least three people with major criminal records, Rossano, Messino, and Gagliano, and you have had two other people, two Smith brothers on your payroll, and is that not right?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. That has been another way in which this Jukebox Smitty and his family have gotten money out of this industry?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. And you pay a certain percentage, do you not, periodically to your superiors in the syndicate in Chicago?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. They permit you to operate and allow you to conduct this Commercial Phonograph Service; is that right?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Maybe you would tell us about the county, when you went out there and collected \$2,300 in order to keep the syndicate from taking over out there and then you had to report back that you couldn't keep the money and these people were too big for you; isn't that right?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. Was the testimony of our witness this morning that you had to come in and say you were doublecrossed, and that the syndicate began its operation after a 3- or 4-month interlude then?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. And the word had gone out by your people that when the investigation is finished, you will be operating in Chicago more actively than ever; is that right?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. You will be browbeating people and having them beaten up, is that right, so that they will be paying this tribute to you and you can live happily; is that right, Mr. Dale?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Mr. KENNEDY. That is all.

Senator MUNDT. Do you have any working agreement with any of the law enforcement officers or public officials of Chicago that enables you to run your racket with impunity?

Mr. DALE. I didn't hear your question.

Senator MUNDT. Do you have any working agreement or understanding with any of the public officials of Chicago or any of the law enforcement officials which permits you to run this racket with impunity?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Senator MUNDT. Do you have any police officer that you are giving a little money to so that they can look the other way, when some goon comes along to enforce one of your eviction orders on a machine?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Senator MUNDT. Have you bribed any public officials?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Senator MUNDT. Do you know the mayor of Chicago?

Mr. DALE. No.

Senator MUNDT. Do you know Mr Adamowski?

Mr. DALE. No.

Senator MUNDT. Do you know the chief of police?

Mr. DALE. No.

Senator MUNDT. How did you get acquainted with Mr. McCullough?

Mr. DALE. I decline to answer that question on the ground that the answer may tend to incriminate me.

Senator MUNDT. Do you know the sheriff of Cook County?

Mr. DALE. No, sir.

Senator MUNDT. Don't you think it would be well if you could answer the question that you have not bribed any of these officials that I mentioned, and clear the record in the event that you can truthfully say that? Certainly you can't incriminate yourself by saying that, if saying no is the truth, and if it is a falsehood you might get in dutch.

Mr. DALE. By answering the question you open the doors sometimes that leads to other questions, and is that that kind of a question?

Senator MUNDT. You have answered a lot of questions.

Mr. DALE. Is it just that question that you want to know an answer to? If it would not void my privilege, then I could answer.

Senator MUNDT. It isn't going to void your privilege any more than answering the question about the chief of police.

Mr. DALE. I have never bribed any public officials.

Senator MUNDT. You never have?

Mr. DALE. No.

Senator MUNDT. That is all.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. That is all.

The CHAIRMAN. With the approval of the committee, the Chair will keep each of you, all five of you, under your present subpoenas, with the continuing jurisdiction of the committee until such time as the committee may desire to hear further testimony from you. You are being placed under the recognizance with the understanding that you will return and testify upon reasonable notice of the time and place where the committee desires to hear you.

Do you and each of you answer, and say that you do accept that recognizance?

Mr. DALE. I do.

Mr. GAGLIANO. I understand.

The CHAIRMAN. I didn't ask you if you understood. Do you accept that recognizance?

Mr. GAGLIANO. I do.

Mr. MESSINO. I do.

Mr. McCULLOUGH. I do.

Mr. SALVATORE. I do.

The CHAIRMAN. Let the record show they all accept. You may stand aside. Call the next witness.

Mr. KENNEDY. Just one moment.

The CHAIRMAN. Will you gentlemen come back a moment?

There are five of you here. Each of you state for the record now your address where we can reach you to notify you, where we can send you a notice of the time when we want you back here, and you are staying under the jurisdiction of the committee.

Mr. GAGLIANO. 110 North Franklin, Chicago, Ill.

Mr. DALE. 6807 North Sheridan Road, or 110 North Franklin, Chicago, Ill.

Mr. McCULLOUGH. 9138 Bishop, Chicago, Ill.

Mr. MESSINO. 110 North Franklin, Chicago, Ill.

Mr. SALVATORE. 110 North Franklin, Chicago, Ill.

The CHAIRMAN. Now, gentlemen, you will be notified and the notices will be sent to you at those addresses, giving you time and place where the committee will desire to hear further testimony from

you, and you are expected to respond without being resubpenaed to comply with that notice, and otherwise you will be in contempt of the committee.

I wanted to not have any misunderstanding about it.

Mr. DALE. We understand.

The CHAIRMAN. All right.

You may stand aside.

The committee will take a 5-minute recess.

(A brief recess was taken.)

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at this point in the proceedings were Senators McClellan, Curtis, and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Edward F. Gilligan is the next witness, Mr. Chairman.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. GILLIGAN. I do.

TESTIMONY OF EDWARD F. GILLIGAN

The CHAIRMAN. State your name, your place of residence, and your business or occupation, Mr. Gilligan.

Mr. GILLIGAN. E. F. Gilligan. I live in Chicago, at 516 South Cicero Avenue, and I operate a juke box route.

The CHAIRMAN. Do you waive counsel?

Mr. GILLIGAN. Yes.

The CHAIRMAN. Thank you. Proceed.

Mr. KENNEDY. Mr. Gilligan, you own the Chicago Music Co.?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. And how many locations do you have, approximately?

Mr. GILLIGAN. Around 200.

Mr. KENNEDY. Do you operate in the Chicago area or out in Cicero?

Mr. GILLIGAN. I operate all over Cook County.

Mr. KENNEDY. All over Cook County?

Mr. GILLIGAN. Yes, sir.

Mr. KENNEDY. That would be in the city and out in the outskirts?

Mr. GILLIGAN. City and outskirts, yes.

Mr. KENNEDY. Now, in 1956, did you begin losing a good number of locations, Mr. Gilligan?

Mr. GILLIGAN. Well, I guess mostly everybody did.

Mr. KENNEDY. And you started losing them to the Apex Music Corp?

Mr. GILLIGAN. Yes, sir.

Mr. KENNEDY. Now, this was a company that was controlled by Eddie Vogel, was it not?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. And pressure started to be put on or placed on your locations to have them give up your machine and take in the Apex Music Corp.'s machine; is that correct?

Mr. GILLIGAN. Well, yes, but of course I took some stops from them, too.

Mr. KENNEDY. How many stops did they take from you, approximately?

Mr. GILLIGAN. Well, in Cook County, around between 30 and 35, or maybe 30, and I don't know the exact number.

Mr. KENNEDY. Was there any violence in connection with any of them?

Mr. GILLIGAN. No, there wasn't.

Mr. KENNEDY. No bombings?

Mr. GILLIGAN. Bombings?

Mr. KENNEDY. Yes, bombings.

Mr. GILLIGAN. Oh, that, 5 or 6 years ago.

Mr. KENNEDY. There were some bombings in 1955 and 1956?

Mr. GILLIGAN. Oh, there were two locations that I did have machines in, and they were bombed and the places were burned to the ground and my machines were burned, but I couldn't accuse them of that.

Mr. KENNEDY. But you understood it was because of the fact that you had machines in there, and there had been pressure placed on those locations to take the Apex Music Co.'s machines?

Mr. GILLIGAN. Well, I know there was pressure put on the owners to take Apex machines, but I couldn't say that the bombing was on account of the machine.

Mr. KENNEDY. Now tell me this: the pressure was placed on these locations to take the Apex Music Co.'s machine, and they refused to do so, and then their places were bombed; isn't that correct?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. That is correct, isn't it?

Mr. GILLIGAN. Maybe they were bombed for something else. It is Cicero.

The CHAIRMAN. We didn't ask you what they were bombed for. They were bombed after they refused to take the Apex machine?

Mr. GILLIGAN. What did you say?

The CHAIRMAN. They were bombed after they had refused to take the Apex machines, is that right, or before? Which was it?

Mr. GILLIGAN. Well, after, but of course I don't know why they were bombed.

The CHAIRMAN. I didn't ask you why. I am talking about the time, and it was after?

Mr. GILLIGAN. It was after, yes.

Mr. KENNEDY. They were the Dixie's Lounge, and the Bamboo Tavern; is that right?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. Now, this Dixie Lounge, they rebuilt their place after it was bombed, and they still refused to take the Apex machines?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. And they put your machine back in?

Mr. GILLIGAN. They did.

Mr. KENNEDY. And 5 weeks later they called you up and told you that you would have to get your machine out, and they decided to take Apex?

Mr. GILLIGAN. Well, yes, he was telling me, he said, "I am sorry, I can't stick it any longer."

The CHAIRMAN. What is that?

Mr. GILLIGAN. I can't stick it any longer; you have to take your machine.

The CHAIRMAN. You have got to take your machine?

Mr. KENNEDY. That is what they said.

Mr. GILLIGAN. Yes, sir.

Mr. KENNEDY. They can't stick any longer?

Mr. GILLIGAN. Dixie would have to stand by that, but that is what he told me.

Mr. KENNEDY. And he took the Apex?

Mr. GILLIGAN. Yes.

Mr. KENNEDY. They didn't have any trouble after that?

Mr. GILLIGAN. No.

Mr. KENNEDY. No bombs thrown after that?

Mr. GILLIGAN. No.

Mr. KENNEDY. Do you remember the tavern called Bud's, run by a friend of yours?

Mr. GILLIGAN. Bud's?

Mr. KENNEDY. Rose's Tavern; do you remember Rose's Tavern?

Mr. GILLIGAN. Bud's is on 16th Street, and how did you know about that; and Rose's was near Percy Road.

Mr. KENNEDY. Now, they were told they didn't take in Apex machines; did they tell you that if they didn't take it in, the Apex machines, they were going to lose the gambling and the book?

Mr. GILLIGAN. You are putting me a very big question there.

Mr. KENNEDY. Let me ask you, were you told by anybody in any of the taverns that they were going to lose the gambling and the book in the taverns unless they took Apex, without getting into names?

Mr. GILLIGAN. In Rose's, I was told that Ed would like to have your machine, but we have to go along with the people of the town.

Mr. KENNEDY. This was the Apex?

Mr. GILLIGAN. That is the machine that went in there after I pulled out. In Bud's, well, he did say, and of course I don't know how the State's attorney is making out, he said he couldn't have the book if he had my machine. If I left my machine in there, they would take the bookie out.

Mr. KENNEDY. They would take the bookie out?

Mr. GILLIGAN. Yes, sir.

Senator CURTIS. What year was that?

Mr. GILLIGAN. I think that is enough now.

Senator CURTIS. What year did this happen?

Mr. GILLIGAN. About 2 years ago.

Senator CURTIS. When was it?

Mr. GILLIGAN. It was 2 years ago, or 2½ years ago.

Mr. KENNEDY. We have here an affidavit, Mr. Chairman, from another tavern owner which I would like to read an excerpt from.

The CHAIRMAN. This affidavit is from James D. Kennedy, and it may be printed in the record at this point.

(The affidavit referred to follows:)

AFFIDAVIT

I, James D. Kennedy, 4700 South Laramie Avenue, Forest View, Ill., being duly sworn, depose and say that:

I make this affidavit at the request of Theodore R. Simon, who has identified himself to me as a member of the professional staff of the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field.

No threats, duress, coercion or inducements have been offered to me, and this statement is made freely and voluntarily.

I operate a tavern at the above address for the last two years and during that time I had and still have Ed Gilligan's jukebox in it. About a year after I opened the tavern a restaurant opened next door. The restaurant has an Apex jukebox.

Apex's collector has been after me to replace Gilligan's jukebox with Apex's. The collector said that this is Apex territory.

I have told the Apex collector that I owe Gilligan money, and I have to pay back the loan before I can take the Apex machine.

I am going to take the Apex jukebox in a few weeks. I am not afraid, but the collector said this territory belongs to Apex.

I do not know Eddie Vogel, but I heard of him. Who has not?

I have been advised that this affidavit may be read in open hearings before the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field.

JAMES D. KENNEDY.

Subscribed and sworn to before me at Forest View, Ill., this 15th day of February 1959.

THEODORE S. SIMON.

By Authority of Comptroller General of the United States, pursuant to section 297, Revised Statutes, as amended.

Mr. KENNEDY. Is that the way you were losing these locations?

Mr. GILLIGAN. You have got it all there, and that is it.

Mr. KENNEDY. Now, in Chicago itself, you belong to the Recorded Music Service, do you?

Mr. GILLIGAN. Yes.

Mr. KENNEDY. The association?

Mr. GILLIGAN. Yes, sir.

Mr. KENNEDY. And you had no problem then losing locations, in the city?

Mr. GILLIGAN. No.

Mr. KENNEDY. You had belonged to the Music Operators of Northern Illinois, the association outside, but as it was described to us this morning, they were not able to keep the locations and you dropped out of that association.

Mr. GILLIGAN. That is right.

Mr. KENNEDY. You were approached to buy records from Lormar; is that right?

Mr. GILLIGAN. Oh, well, I was asked to buy them; yes.

Mr. KENNEDY. You refused originally; is that right?

Mr. GILLIGAN. Well, yes.

Mr. KENNEDY. Then hoodlums moved into various of your locations and pulled the plugs out of your machines and pushed your machines against the wall?

Mr. GILLIGAN. Yes; and I pulled their machines and put them against the wall.

Mr. KENNEDY. But you had some hoodlums that came in and did that to your various locations?

Mr. GILLIGAN. I did it myself, and I had no hoodlums.

Mr. KENNEDY. But I mean they came in and turned your machines to the wall?

Mr. GILLIGAN. Oh, yes.

Mr. KENNEDY. That is right?

Mr. GILLIGAN. Of course, any soliciting, you know, I can go and solicit your location and you can solicit mine.

Mr. KENNEDY. Did you then start to buy Lormar records?

Mr. GILLIGAN. Well, I asked the advice of some operators which was the best thing, to buy records there or buy them from distributors. Well, I found out that I have four collectors, and if I got the collectors to buy their records, they spend 1 hour Saturday to buy the records and I could lay off my regular record buyer and save \$125.

So I told the collectors, "Buy the records over there," and I laid off the regular record buyer.

Mr. KENNEDY. That is a long answer. Did you start after they put this pressure on you, did you start buying records from the Lormar Co., even though they were 5 cents more per record?

Mr. GILLIGAN. I can explain it to you.

Mr. KENNEDY. Did you start buying records from the Lormar Co.?

Mr. GILLIGAN. Shortly after; yes.

Mr. KENNEDY. That was 5 cents more per record; was it not?

Mr. GILLIGAN. Yes; it was.

The CHAIRMAN. How many records do you buy a month, for 200 machines?

Mr. GILLIGAN. About \$1,100 or \$1,200 a month.

The CHAIRMAN. \$1,100 or \$1,200 a month?

Mr. GILLIGAN. Yes, sir.

The CHAIRMAN. That is dollars and not records?

Mr. GILLIGAN. Yes, sir.

The CHAIRMAN. What do the records cost on an average, each?

Mr. GILLIGAN. They are around 55 or 65 or somewhere around there.

The CHAIRMAN. What is that?

Mr. GILLIGAN. I really couldn't tell you. My wife prepares it in the shop and they were 55 or 65 cents.

The CHAIRMAN. That is a record?

Mr. GILLIGAN. Something like that, and I don't remember exactly what they cost.

Mr. KENNEDY. Well, now, in 1957, you didn't buy any records from Lormar, and Lormar didn't exist; is that right?

Mr. GILLIGAN. When was that?

Mr. KENNEDY. In 1957 it came into existence, but up until September of 1957 you hadn't purchased any records from Lormar; is that right?

Mr. GILLIGAN. That is right.

Mr. KENNEDY. Now, at the present time you are buying 92 percent of all of your records from Lormar?

Mr. GILLIGAN. Yes.

Mr. KENNEDY. So they were pretty effective; were they not? In fact, they called you up and harassed you so much, your wife lost her baby, did she not, Mr. Gilligan? Isn't that correct?

Mr. GILLIGAN. Well, I wouldn't know.

Mr. KENNEDY. Isn't that correct?

Mr. GILLIGAN. Well, she lost the baby.

Mr. KENNEDY. Isn't it correct that that was the reason, Mr. Gilligan?

Mr. GILLIGAN. Well, I can't say.

Mr. KENNEDY. You have told us that, that your wife lost her baby because of this problem that you had.

Mr. GILLIGAN. I never said it was on account of that she lost her baby, but maybe it was.

Mr. KENNEDY. Didn't you say or haven't you said that that is the reason, and isn't that the reason she lost her baby?

Mr. GILLIGAN. I am sorry, Mr. Kennedy, I don't remember ever saying it, and she may have said it herself.

The CHAIRMAN. Was she under great pressure from them at the time? Were they calling up, harassing the home, and so forth? Had that been going on for some time before she lost the baby?

Mr. GILLIGAN. Well, there was a little pressure; yes.

The CHAIRMAN. She was greatly worried about it, wasn't she?

Mr. GILLIGAN. Well, yes. All women worry.

The CHAIRMAN. She was particularly worried about this situation; wasn't she?

Mr. GILLIGAN. Yes.

Mr. KENNEDY. Didn't she in fact in your presence tell our investigator, and haven't you told our investigators, that she was so worried that she couldn't sleep at night? Isn't that correct? And she had lost her baby through premature birth?

Mr. GILLIGAN. Mr. Kennedy, I am sorry; she may have said that herself, but I don't like to make a statement like that. I am sure I did not make that statement.

Mr. KENNEDY. Do you believe, and I am asking you now, and you are under oath, do you believe that the harassment that occurred through this Lormar Co. and the other problems you had with the Apex Co. was at least a cause, a contributing cause, of your wife losing her baby?

Mr. GILLIGAN. Mr. Kennedy, don't be mad at me, but I am not a doctor. I don't know.

Mr. KENNEDY. I am not mad at you.

Mr. GILLIGAN. Okay.

Mr. KENNEDY. Was the company that was causing you the difficulty the E. & E. Co.?

Mr. GILLIGAN. Well, yes.

Mr. KENNEDY. They were the company that was set up by the Lormar Co. to put the pressure on you?

Mr. GILLIGAN. Well, they were the company; yes.

Mr. KENNEDY. They were the ones that were placing the pressure on you?

Mr. GILLIGAN. Well, I wouldn't call it pressure. They solicited me. I was never threatened. I wouldn't say there was ever pressure put on me. But I was asked several times.

Mr. KENNEDY. Just for some interest, you made in November of 1957 \$11,000 from jukeboxes; in December of 1957, \$12,000; in January of 1958, \$11,000; and then during this period when this harassment was going on, you went down \$2,000, to \$9,000. Then you started buying the Lormar records and the following month you were back up to \$11,000, and you made \$11,000 for each of the next 4 months.

Mr. GILLIGAN. Well, I will tell you; that is right. Of course, when I lost the five stops, then I went down, because they were good stops. Then I put a solicitor on the street and he got 8 or 10 stops for me. That is how I went up again.

Mr. KENNEDY. But this pressure that caused these losses were, first, the Apex Co., and then when the Lormar records became active, the E. & E. Co., which was a company that was, in fact, controlled by the same people that controlled Lormar, Chuck English; is that right?

Mr. GILLIGAN. They are the same company, I believe; yes.

The CHAIRMAN. Are there any other questions?

If not, thank you. Call the next witness.

Mr. KENNEDY. Mr. Erice, from the E. & E. Co. He is the last witness.

The CHAIRMAN. Come forward.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ERICE. I do.

TESTIMONY OF ANTHONY ERICE

The CHAIRMAN. Please state your name.

Mr. ERICE. My name is Anthony Erice. I live at 2219 North 74th Avenue.

The CHAIRMAN. What is your business or occupation, please?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. You have incriminitis, too?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Have you got a lawyer?

Mr. ERICE. No, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

You waive counsel, I assume. You don't have one with you?

Mr. ERICE. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Erice, you were taking away stops from the previous witness, Mr. Gilligan, as well as others?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You were set up, were you not, as a so-called whip company by English in order to get companies to purchase their records from the Lormar Distributing Co.?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And you were in partnership or in business in this E. & E. Amusement Co. with Mr. Sam English, Mr. Chuck English's brother; is that right?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And your company had as its mail address Jack's Grill, located at 3338-3340 West Jackson; is that right?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. That is where the mail for your company was sent, and that is a grill that is at least partially owned by Sam English; is that right?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. You were just set up by this group, this same group, that operates in the Chicago area in order to bring pressure on all of these legitimate operators?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. What information do you have as to what he is the head of? What is the name of the company?

Mr. KENNEDY. He is head of the company, Mr. Chairman, called the E. & E. Amusement Co. The E. & E. Amusement Co. was the whip company about which we had testimony this morning, and also from the previous witness, which was set up and which would operate where the solicitors for the Lormar Record Co. would go in and try to get somebody to purchase their records.

If they refused to do so, the E. & E. would come in and offer a much better deal for the location owner. That is what a whip company does. All these operators then knew that if they didn't buy from the Lormar Record Co., that the E. & E. Co. would come by and solicit all of their locations and be able to give the location owner a much better deal.

It did not matter particularly whether they made any money, because they were going to make their money through the Lormar Co., which is where they were selling the records at 5 cents more per record. This was set up by the Lormar Co., with Sam English and with this man operating and running the company.

Again, it is a way of harassing and bringing pressure on the operators to make them conform with the wishes of the syndicate, the underworld.

The CHAIRMAN. Is the statement of the counsel correct?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Is it substantially accurate?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Do you regard yourself as just a cheap crook, racketeer?

Mr. ERICE. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Proceed.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. The committee will stand in recess until 10:30 Tuesday morning.

(Members of the select committee present at time of recess: Senators McClellan and Curtis.)

(Whereupon, at 4 p.m., the select committee recessed, to reconvene at 10:30 a.m., Tuesday, February 24, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, FEBRUARY 24, 1959

UNITED STATES SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Sam J. Ervin, Jr., Democrat, North Carolina; Senator Karl E. Mundt, Republican, North Dakota; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman Willse, investigator; Walter C. De Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan, Ervin, Mundt, and Capehart.)

The CHAIRMAN. All right, Mr. Kennedy; call the next witness.

Mr. KENNEDY. Mr. Carl J. Burkhardt, Mr. Chairman, is the next witness.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. BURKHARDT. I do.

TESTIMONY OF CARL J. BURKHARDT, ACCOMPANIED BY COUNSEL, ALFRED D. MEITUS

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please.

Mr. BURKHARDT. My name is Carl J. Burkhardt. I live in Cincinnati, Ohio, and I operate a recordmaking plant, known as Wright Record Productions.

The CHAIRMAN. Do you have counsel?

Mr. BURKHARDT. Mr. Alfred D. Meitus.

The CHAIRMAN. Will you identify yourself for the record, counsel?

Mr. MEITUS. Alfred D. Meitus, M-e-i-t-u-s, Cincinnati, Ohio.

The CHAIRMAN. You are a member of the Ohio bar?

Mr. MEITUS. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Burkhardt, how long have you been in the record business?

Mr. BURKHARDT. Twelve years.

Mr. KENNEDY. You started manufacturing records in 1954; is that right?

Mr. BURKHARDT. That is correct.

Mr. KENNEDY. And prior to that time, in 1949 to 1954, you were a record distributor?

Mr. BURKHARDT. No. I operated a retail record store and radio repair shop.

Mr. KENNEDY. Were you a record distributor at any time?

Mr. BURKHARDT. Yes. I distributed some records at one time or the other.

Mr. KENNEDY. Now, in 1957, at the end of 1957, Mr. Burkhardt, were you contacted by a gentleman who stated that his name was Mr. George Miller?

Mr. BURKHARDT. I was.

Mr. KENNEDY. Would you relate to the committee what happened and from where he called?

Mr. BURKHARDT. The first contact that I had with Mr. Miller was via a telephone call which originated from Detroit. Mr. Miller called me on a routine question, asking whether or not I would have facilities to produce phonograph records for him. I told him yes, and he mentioned at the time, and I don't recall who, that someone in Detroit had given him my name or the name of our firm.

I believe about 2 weeks later I got a call from Chicago. At the time when he called from Detroit he mentioned that he was not from Detroit, that he was actually from Chicago, and that he was laying the groundwork for a record label or potential record setup.

Mr. KENNEDY. Then you received a second telephone call some 2 weeks later?

Mr. BURKHARDT. A couple of weeks later.

Mr. KENNEDY. It was the same man?

Mr. BURKHARDT. Supposedly, yes.

Mr. KENNEDY. Still he described himself as "George Miller"?

Mr. BURKHARDT. That is correct.

Mr. KENNEDY. What did he say in that conversation?

Mr. BURKHARDT. He just said he had some phonograph records that he wanted to have made.

Mr. KENNEDY. And so what did you say?

Mr. BURKHARDT. I told him we could handle the job for him if he had the money to pay for it.

Mr. KENNEDY. What arrangements then did he make to send records down or what arrangements did you make with him at that time?

Mr. BURKHARDT. He arranged to send me the labels and the shipment was to be made c.o.d. via Greyhound bus.

Mr. KENNEDY. On the labels; is that right?

Mr. BURKHARDT. On the finished product.

Mr. KENNEDY. You were to return them to him, and send them back to him?

Mr. BURKHARDT. That is correct.

Mr. KENNEDY. He was going to send you the labels by Greyhound bus and you were going to pick them up at the bus station?

Mr. BURKHARDT. That is correct.

Mr. KENNEDY. And attach the labels to the record and then return the records to him?

Mr. BURKHARDT. Well, essentially, if you want to call it that way, with records a label is not attached, and the phonograph record is made at the same time the label is put on and it is a simultaneous operation.

Mr. KENNEDY. What records were you going to make and how was that arranged?

Mr. BURKHARDT. I couldn't state. Whatever he sent me, the necessary stuff to do.

Mr. KENNEDY. Did he send you some records to copy or what did he send you?

Mr. BURKHARDT. I refuse to answer on the grounds it may tend to incriminate me.

The CHAIRMAN. You have answered all of the question regarding the transaction leading up to that.

Ask the question again, Mr. Counsel.

Mr. KENNEDY. What I would like to find out from you, Mr. Burkhardt, is whether he sent you down some records at the same time for you to copy.

Mr. BURKHARDT. I refuse to answer on the ground that it may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

You have answered all questions leading up to that. The Chair and, I am sure, the committee, is a little surprised when you begin invoking the fifth amendment after describing the arrangements and how it is to be handled up to that point.

Mr. MERTUS. May it please the Chair: If the witness is compelled to answer under the circumstances, he may incriminate himself, under the Ohio law, and on advice of counsel, he cannot answer.

The CHAIRMAN. The counsel has the right to advise him and we can't prevent him from taking the advice of counsel.

But he gives all of the arrangement up to this point, and this is just one more detail in connection with the chain of events that he has already related. I seriously doubt that he can invoke the fifth amendment on it.

Mr. KENNEDY. Now, I will pass on from that subject.

Then you made these records and then you shipped them back to George Miller, did you?

Mr. BURKHARDT. Yes, sir.

Mr. KENNEDY. That was c.o.d.?

Mr. BURKHARDT. The first two or three shipments were c.o.d.

Mr. KENNEDY. How did he proceed to pay you after that?

Mr. BURKHARDT. The entire operation was handled by telephone, and he complained that the c.o.d. charges were too great an expense, and would it be OK with me or with our company to give certified checks on a day-to-day basis, and he usually included a check along with the necessary labels for the next day's shipment.

Mr. KENNEDY. He sent down a check with the labels?

Mr. BURKHARDT. That is right.

Mr. KENNEDY. Were you always picking the labels up at the Greyhound bus?

Mr. BURKHARDT. Every morning, yes.

Mr. KENNEDY. Was this a day-to-day proposition?

Mr. BURKHARDT. Day to day or every other day, depending on what his requirements were.

Mr. KENNEDY. How many records were you making each day for him?

Mr. BURKHARDT. It varied. Our productive capacity at that time was as many as 9,000 a day, but I believe the maximum we ever shipped him was about 6,000, somewhere in that neighborhood.

Mr. KENNEDY. Six thousand?

Mr. BURKHARDT. It was the maximum we ever shipped him in any one day.

Mr. KENNEDY. How long did this relationship continue that you were making records for him?

Mr. BURKHARDT. The extent of it was possibly about 5 weeks, or between 5 and 6 weeks.

Mr. KENNEDY. Did you ever meet him personally?

Mr. BURKHARDT. Once, I believe, or even possibly twice; yes.

Mr. KENNEDY. He came down to see you, did he?

Mr. BURKHARDT. Yes, sir.

Mr. KENNEDY. Would you relate what happened on that?

Mr. BURKHARDT. In what respect?

Mr. KENNEDY. For what purpose did he come down to see you?

Mr. BURKHARDT. Just a minute.

(The witness conferred with his counsel.)

Mr. BURKHARDT. He came down to order records and possibly pick up a few at the same time to take back with him.

Mr. KENNEDY. Why was it necessary, as long as this relationship had been continuing by telephone and he had been sending you the labels, for him to come down in person?

Mr. BURKHARDT. I don't really know.

Mr. KENNEDY. What conversation did you have with him at that time?

Mr. BURKHARDT. He just wanted to look around and see how things were going, and so forth.

Mr. KENNEDY. Was it anything beyond the fact that he wanted to look around?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. There was no other discussion beyond that?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. No discussion at all?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. Did you discuss the labels that you were placing on these records?

Mr. BURKHARDT. Yes, sir.

Mr. KENNEDY. Did you tell him or have any discussion with him about the fact that some of these labels were from other companies in the country, and belonged to other companies?

Mr. BURKHARDT. I refuse to answer on the ground it may tend to incriminate me.

The CHAIRMAN. Just a moment. I think that you are required to answer that question.

The Chair, with the approval of the committee, orders and directs the witness to answer the question.

(The witness conferred with his counsel.)

Mr. BURKHARDT. Would you please repeat the question?

The CHAIRMAN. Read the question back.

(The question was read by the reporter.)

(The witness conferred with his counsel.)

Mr. BURKHARDT. I don't recall any other discussion beyond what I have already said.

Mr. KENNEDY. Was there any discussion about the labels whatsoever?

Mr. BURKHARDT. I don't recall.

Mr. KENNEDY. Did you learn that the man that you had been talking to on the telephone who said his name was George Miller, was not in fact George Miller?

Mr. BURKHARDT. Not until I read it in the Billboard—in the trade journals.

Mr. KENNEDY. You did not learn at that time, or did he still describe himself as George Miller when he came to see you?

Mr. BURKHARDT. His checks were signed George Miller, and "Yes."

Mr. KENNEDY. The checks that he wrote out for you were signed George Miller?

Mr. BURKHARDT. Yes, sir.

Mr. KENNEDY. When he came down to see you, this man, did he still describe himself as George Miller?

Mr. BURKHARDT. I just called him "George."

Mr. KENNEDY. Did you learn at that time that he had any other name, other than George Miller?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. You didn't learn his name was George Hilger during this period of time?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. H-i-l-g-e-r?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. Was there anything about it, did he come by himself at that time?

Mr. BURKHARDT. No; he had another man with him.

Mr. KENNEDY. Was there anything about these men that struck you?

Mr. BURKHARDT. Just average guys.

Mr. KENNEDY. Was there anything about them particularly? Were they rough-looking people?

Mr. BURKHARDT. Just average people. I never paid too much attention.

Mr. KENNEDY. Was there anything about the operation that made you hesitate about making further records for them?

Mr. BURKHARDT. I decline to answer on the ground it may tend to incriminate me.

The CHAIRMAN. The Chair, with the approval of the committee, orders and directs the witness to answer the question.

(The witness conferred with his counsel.)

Mr. BURKHARDT. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. The order and direction will continue throughout the remainder of your presence here on the witness stand.

Mr. KENNEDY. Did you tell Miller at that time that you didn't want to have anything to do with anything illegal?

Mr. BURKHARDT. I don't remember.

Mr. KENNEDY. Did you have any discussion about doing anything illegal?

Mr. BURKHARDT. I don't remember.

The CHAIRMAN. Mr. Burkhardt, was there anything that happened at that time, or had anything occurred just immediately prior thereto, that caused you to become suspicious or concerned in any way about the transaction that you were carrying on with these folks?

Mr. BURKHARDT. No, sir.

The CHAIRMAN. All right.

Mr. KENNEDY. It didn't concern you at all, the fact that some of these labels belonged to some of the big companies in the country?

(The witness conferred with his counsel.)

Mr. BURKHARDT. There are about 3,000 different labels that have been manufactured in the United States, and in the course of our operation I have made possibly records on 700 or 600 different labels, and as my part of the job I didn't pay a great deal of attention to the various labels that came in, and it was just another routine job.

Mr. KENNEDY. There was nothing about it whatsoever then that aroused your suspicion about this operation?

Mr. BURKHARDT. At that time, no.

Mr. KENNEDY. During the period of time in which you were manufacturing these records, was there anything about it that aroused your suspicions?

Mr. BURKHARDT. No.

Mr. KENNEDY. How did they handle, then, the furnishing of the records that you were to copy, either the master record or the tape or the other records that you were to copy?

Mr. BURKHARDT. I decline to answer on the ground that it might tend to incriminate me.

Mr. KENNEDY. I submit, Mr. Burkhardt, that if there wasn't anything that even aroused your suspicion about the fact that this was an illegal or improper activity or operation, that the way that they handled the records and the way they submitted the records to you, the records that you were to copy, certainly could not tend to incriminate you.

Mr. MEITUS. Mr. Chairman, I would like to point out that while this situation was going on that Mr. Kennedy speaks of, the situation was different then. Now, at this moment, answers to these questions might incriminate Mr. Burkhardt. We respectfully refuse to answer on that ground.

The CHAIRMAN. What was the question? Restate it.

I do not see anything different in this and the other ones I have ruled on.

Mr. KENNEDY. I will rephrase the question.

In order for this witness to make these records, which ultimately turned out to be counterfeit records, he had to have either a master record or some record from which to copy the ones that he was furnishing.

He has talked about the fact that they sent the labels down. He has talked about the fact that during this period of time there was

nothing that happened that aroused his suspicion. The key to this whole matter is how the records were furnished to him and what the records consisted of that he had to copy, the copies of which ultimately turned out to be counterfeit.

The question I am asking him is how they furnished the master record or the records that he had to copy which ultimately he turned back or sent up by mail to George Miller in Chicago.

Mr. METTS. Mr. Chairman, in reply to that, I would like to say that what Mr. Kennedy has pointed out is correct. But at this moment the answer he calls for is incriminating. The witness cannot testify without incriminating himself. It is impossible. Therefore, I say, we respectfully—

The CHAIRMAN. I do not know whether a truthful answer would be incriminating or not. I do know the witness has answered questions here that prompt the asking of this question, because it is necessary to have this information and carry through and get the true story of what was going on.

I asked the witness if there was anything that happened there, at that time or prior thereto, that aroused his suspicions, and he said "No." Certainly if there was nothing that occurred, if he told the truth when he said that, I do not see how it would be inconsistent now for him to tell what the transactions had been. His suspicions had not been aroused. He certainly wasn't doing anything knowingly, unless his suspicions had been aroused.

He had to be alerted that there was something wrong for him to be doing anything wrong knowingly. For him to be incriminated on the basis of how he has already answered, I do not see how it would be possible.

The Chair orders and directs the witness, with the approval of the committee, to answer the question.

(The witness conferred with his counsel.)

Mr. BURKHARDT. I refuse to answer the question on the grounds it may incriminate me.

The CHAIRMAN. All right. You are making a record and you have counsel advising you. In my judgment, you are certainly approaching, if not actually going over, the borderline in being in contempt of this committee.

I don't want any misunderstanding about it. I don't want the witness to misunderstand the position that the committee is taking. We feel that you are duty bound to answer the question. For that reason, we are ordering and directing you. Your counsel is advising you differently. It is your choice to follow him or do as you please. But this committee cannot let this situation pass by without making a record here that it is our duty to make under these circumstances.

Mr. METTS. Mr. Chairman, I would just like to explain. There are certain facts that this committee does not know with regard to the situation in Mr. Burkhardt's hometown. We sincerely and truthfully feel that any testimony that you are stating he should answer as being duty bound is really asking him to give evidence against himself. I believe the law is clear.

The CHAIRMAN. He has just stated that he had no suspicions, his suspicions hadn't been aroused; he had no reason to think anything was wrong. In effect, that is what he said.

Mr. MEITUS. But as the thing turned out, when he became aware, we must safeguard.

The CHAIRMAN. What are you saying: that later he did learn something was wrong and he went ahead?

Mr. MEITUS. No, sir. Later there was a crackdown in Chicago and arrests, and he learned through the papers and other means, and at that time he ceased operating.

The CHAIRMAN. That certainly would not incriminate him.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Isn't the problem the fact that if he answered this question it would cast some question on the truthfulness of his earlier avowal that he didn't have any suspicions about what was going on, because this is the key question, how he got the master record, what it consisted of that he had to copy?

Mr. MEITUS. Not at all, Mr. Kennedy.

Mr. Burkhardt gave your committee and your investigator, when he came to Cincinnati, all the records, books, and was very cooperative. Isn't that true?

Mr. KENNEDY. Yes.

Mr. MEITUS. He has testified here as to everything he possibly can. But there are certain areas where he may incriminate himself, and I don't think it is proper for this committee to try to incriminate him when he is trying to be helpful and cooperative.

Mr. KENNEDY. I do not question that. All I say is when he says he had no suspicions about what was going on, the key to that is how the records were actually printed and where the master record came from and what it consisted of and from whom he received it. Those are the questions that he now will not give the answers to.

He gives a general denial of any involvement himself, but when it comes down to these questions that get to the particulars of the situation, he does not give the answers. I think he has opened the door, certainly, in this connection, so that he should answer the questions.

Mr. MEITUS. Mr. Chairman, may I request of the committee that this question be passed and we reserve the right to answer it later as this thing develops instead of having an absolute refusal at this time?

The CHAIRMAN. The Chair will give the witness and counsel time to consider the matter. I am not trying to trick your client at all. It is our duty to get the information.

I appreciate his cooperativeness. We have to deal with all kinds of people coming before this committee, and we have some standards of fairness and impartiality as we deal with these problems. I cannot show discrimination here or lack of consistency in the matter of developing a record.

I feel that the witness is now dutybound to answer the question; otherwise, I would not rule as I have. The Chair, out of deference to your request, however, will pass the matter for the present.

You may proceed, Mr. Kennedy.

Senator MUNDT. Mr. Chairman—

The CHAIRMAN. Senator Mundt.

Senator MUNDT. As I get this picture, Mr. Burkhardt, you were engaged in an operation, according to your testimony, which you considered to be legitimate and legal up to a certain point of time when your suspicions were aroused. Is that correct?

(The witness conferred with his counsel.)

Mr. BURKHARDT. That is correct.

Senator MUNDT. When were your suspicions aroused?

Mr. BURKHARDT. I don't remember to that particularly.

Senator MUNDT. Well, let me put it another way.

How were your suspicions aroused? What happened?

(The witness conferred with his counsel.)

Senator MUNDT. Was your lawyer a partner in the operation? Did he know how your suspicions were aroused?

Mr. BURKHARDT. No, sir.

Senator MUNDT. Then how can he counsel you on that? I am asking you a question. Unless he were a member of the corporation or the company, he wouldn't know.

Mr. MEITUS. Mr. Mundt, I am secretary of the corporation, but I knew nothing about this operation.

Senator MUNDT. You are secretary of the corporation?

Mr. MEITUS. Yes, sir; and legal counsel.

Senator MUNDT. I am trying to find out if either one of you can answer it, but if you should answer it, you should be sworn as an officer of the company rather than attorney.

I would like to find out how your suspicions were aroused. You may not remember exactly when. I can appreciate that.

(The witness conferred with his counsel.)

Mr. BURKHARDT. I don't remember exactly when it was that my suspicions were aroused.

Senator MUNDT. I changed it, consequently, to ask you how they were aroused. You certainly remember how they were aroused.

Mr. BURKHARDT. I don't really recall. It is just the way the thing kept going from one time to the next.

Senator MUNDT. Something had to happen, if your story is correct, if it is to be corroborated. You say you were going into an operation that you thought was perfectly legitimate. Eventually you decided that there might be some doubt about it.

You had some suspicions about it. I am asking you what aroused those suspicions. What happened?

Mr. BURKHARDT. Just the way the thing was going. Generally there were too many records being sold.

Senator MUNDT. Just because of the volume?

Mr. BURKHARDT. The volume.

Senator MUNDT. Do you think because business was good it had to be illegitimate?

Mr. BURKHARDT. Well, it had never been quite that good for me before.

Senator MUNDT. Well, I don't see how you can really conclude from that. There must have been something else besides the fact that they were good customers. You wouldn't get suspicious about a man because he was a good customer.

(The witness conferred with his counsel.)

Mr. BURKHARDT. I can't answer it. It is just one of them things. I just suspicioned—

Senator MUNDT. So business got good and you decided that the customer was doing something illegitimate. What did you do then—terminate the business?

Mr. BURKHARDT. I didn't do anything.

Senator MUNDT. You kept on doing business?

Mr. BURKHARDT. Yes, sir.

Senator MUNDT. Even though you had suspicions?

Mr. BURKHARDT. Yes, sir.

Senator MUNDT. Did your suspicions tend to grow greater or less as you continued to do business?

Mr. BURKHARDT. Well, I was in bad finances so I just kept on going. I didn't question the item any further.

Senator MUNDT. Even though you had doubts about the legitimacy, it was good enough so you wanted to keep on doing it anyhow?

(The witness conferred with his counsel.)

Mr. BURKHARDT. The publicity, of course, and the breakup of the thing stopped the thing before very long. The entire operation only lasted 5 weeks or so; 5 to 6 weeks.

Senator MUNDT. The whole operation?

Mr. BURKHARDT. The whole deal.

Senator MUNDT. Five or six weeks?

Mr. BURKHARDT. From the beginning to the termination.

Senator MUNDT. And you terminated it?

Mr. BURKHARDT. No. The police department terminated it.

Senator MUNDT. Did that tend to arouse your suspicions even more when the police stepped in?

(The witness conferred with his counsel.)

Senator MUNDT. That is all.

Senator CAPEHART. Mr. Chairman—

The CHAIRMAN. Senator Capehart?

Senator CAPEHART. One of your businesses, and maybe your sole business, is that of pressing records?

Mr. BURKHARDT. Primarily; yes, sir.

Senator CAPEHART. How many individual records do you press or have you pressed?

Mr. BURKHARDT. Since 1954, I believe I stated earlier that I have probably pressed 700 or 800 different records, or more.

Senator CAPEHART. With a different label?

Mr. BURKHARDT. A different label on every one.

Senator CAPEHART. Do you have any of your own labels? Do you press any records with your own name?

Mr. BURKHARDT. Yes.

Senator CAPEHART. What is your label name?

Mr. BURKHARDT. Big Four Hits.

Senator CAPEHART. That is the name of it?

Mr. BURKHARDT. Yes, sir. It has been inactive for about 2 years, though. We haven't made anything.

Senator CAPEHART. You did press records under the name of Big Four Hits?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. That was your own label?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. And you sold those through your own salesmen?

Mr. BURKHARDT. No. We sold them by means of mail order advertising, direct mail and so forth.

Senator CAPEHART. You sold those to the jukebox operators?

Mr. BURKHARDT. No, sir. They were sold direct to the public.

Senator CAPEHART. Did you sell music dealers?

Mr. BURKHARDT. No, sir.

Senator CAPEHART. Direct to the public?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. Then your prime business, however, was pressing records for other people?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. How many customers did you have at that time?

Mr. BURKHARDT. Well, before this started I had about 500. Now I haven't got any.

Senator CAPEHART. I understand that, but do you mean there were 500 different companies that would ask you to press records for them under their labels?

Mr. BURKHARDT. Most of these people that I pressed records for are small concerns, would-be songwriters, one-shot, 500 records, 300 records, 1,000-record deals. That was the type of business we specialized in.

Senator CAPEHART. Were all your records musical records, or were some of them business records?

Mr. BURKHARDT. We pressed a number of soundfilm records, dialogue records, educational-type material.

Senator CAPEHART. In other words, you operated what we call a record-pressing business?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. In which you pressed records for anybody?

Mr. BURKHARDT. It is custom pressing.

Senator CAPEHART. And you likewise had your own trade name or your own label under the name of Big Four Hits, was it?

Mr. BURKHARDT. Yes. Big Four Hits.

Senator CAPEHART. But you operated a business where anybody could walk in and ask you to press, give you an order to press 500 records, or 5,000?

Mr. BURKHARDT. That is right.

Senator CAPEHART. And you did that for this man Miller?

Mr. BURKHARDT. That is right.

Senator CAPEHART. When you discovered that Miller was forging these labels, did you discontinue doing business with him?

Mr. BURKHARDT. The police department discontinued the operation. I continued right on until the operation was stopped.

Senator CAPEHART. I don't understand how the police department discontinued.

Mr. BURKHARDT. Well, when this man Miller was arrested in Chicago, they requested the Cincinnati police to visit our place.

Senator CAPEHART. And they did?

Mr. BURKHARDT. That is it, period.

Senator CAPEHART. And did they pick up all the records that you were pressing for him or had finished?

Mr. BURKHARDT. Well, they picked up a few hundred records that were laying around, odds and ends. They came in around 5 o'clock one evening. The plant was shutdown. They asked me where this

man's stuff was and I said, "You are standing in front of it. There are all the labels right there."

Senator CAPEHART. Did they have a search warrant?

Mr. BURKHARDT. Yes, sir.

Senator CAPEHART. They came in and picked up the records?

Mr. BURKHARDT. I gave them to them voluntarily. Everything was out in the open; it wasn't hidden.

Senator CAPEHART. Your business primarily was pressing records for anybody and everybody that came into your place of business?

Mr. BURKHARDT. Yes, sir.

The CHAIRMAN. Senator Mundt?

Senator MUNDT. Did the police arrest you or just pick up the records?

Mr. BURKHARDT. They just picked up the labels and what ever records were laying around.

Senator MUNDT. They filed no complaint against you?

Mr. BURKHARDT. There have been no charges against me.

Senator MUNDT. It was just a question of getting the evidence in the form of the records?

Mr. BURKHARDT. Yes, sir; so far.

Mr. KENNEDY. When these two gentlemen came down to see you, did one of them say to you, in substance, that, "You are in no position to say anything about an operation being illegitimate"?

Mr. BURKHARDT. I don't remember.

Mr. KENNEDY. That is what you told our investigator, did you not?

Mr. BURKHARDT. I don't remember.

Mr. KENNEDY. Now I am asking you whether you told our investigator that.

Mr. BURKHARDT. I don't remember, sir.

Mr. KENNEDY. You remember that. That was just in the last 3 weeks or so. Our investigator visited you, and you told him these were rough-looking people, that you thought you would try to get out of this, that you didn't like the way the thing was going, that you raised some question about the illegality of the operation, and they turned to you and said, "You are in no position to say anything about things being illegal."

The CHAIRMAN. If those are facts, why don't you say so? I don't see how that could incriminate you at all. It certainly would indicate that you may have gotten into the thing innocently and these people, after they felt they had you incriminated, were using that to compel you or undertake to coerce you to continue.

I do not see how that would incriminate you, if that is the fact.

Mr. BURKHARDT. I might have said it, sir, but I don't remember.

The CHAIRMAN. How long ago was this?

Mr. KENNEDY. He told our investigator on January 22, Mr. Chairman. I must say he has lost a good deal of his memory even since yesterday.

You weren't telling me that you didn't remember anything. You told the investigator on January 22, and the thought was, "You are in no position to say anything about the illegit."

Mr. BURKHARDT. I might have said it, but I don't remember.

Mr. KENNEDY. Did you tell our investigator that?

Mr. BURKHARDT. I may have.

The CHAIRMAN. Did the man actually say that to you? Did it actually take place? If you said it 2 or 3 weeks ago, if you remembered it then, you know now whether it took place or not.

Is that what they said to you?

Mr. BURKHARDT. I don't remember.

The CHAIRMAN. Do you think we believe that? I am trying to be fair to you about it. I want you to cooperate here and give us the facts.

Mr. BURKHARDT. I am trying to be fair, too.

The CHAIRMAN. You remember whether such a statement was made. You remember whether you told the investigator that some 1 month ago. Was such a statement made to you by these men when you raised some question about the matter at the time they came down there to see you?

Mr. BURKHARDT. I don't remember, sir.

The CHAIRMAN. Did you make that statement to the investigator who interrogated you?

Mr. BURKHARDT. I may have.

The CHAIRMAN. Well, if you made it to him, is it true?

Mr. BURKHARDT. I am not sure, sir. I don't remember any more.

The CHAIRMAN. What happened to your memory?

Mr. BURKHARDT. Well, at the time this investigator was down there, we had 5 feet of water in the basement, and we had had a flood, and I was under pretty much duress. So it is very hard or difficult for me to say exactly what I had said to this investigator.

The CHAIRMAN. I have heard of some liquids causing one to talk too freely, but I never knew water would do it. A little excess water shouldn't cause you—

Mr. BURKHARDT. The Ohio River flood.

The CHAIRMAN. I can understand. Even a flood—I don't see that that would cause you to misrepresent a fact that occurred in connection with your business. It would have no relation whatsoever to the flood.

If you want to leave the record that way, proceed.

Senator ERVIN. I believe the Bible makes it very plain that Noah remained sober and in his right mind until the floodwaters subsided, setting a very good example for all of his descendants to follow.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. The fact is that you had a criminal record, had you not, Mr. Burkhardt?

Mr. MEITUS. Mr. Chairman, is it proper and necessary to go into things that are not related to this particular—

Mr. KENNEDY. I had no intention initially—

The CHAIRMAN. These things go to the credibility of a witness, and this witness has certainly raised a serious question here about credibility in the manner in which he has answered these questions, immediate loss of memory without any substantial thing to account for it.

Mr. MEITUS. Now we are going to have a smear about something that happened 8 or 9—

The CHAIRMAN. Ask him the question. Proceed.

Mr. KENNEDY. Did you have a criminal record?

Mr. BURKHARDT. Yes, sir.

Mr. KENNEDY. When was that?

Mr. BURKHARDT. About 8 or 9 years ago.

Mr. KENNEDY. 1950?

Mr. BURKHARDT. Could be.

Mr. KENNEDY. What was the charge against you?

Mr. BURKHARDT. Transportation of obscene records in interstate commerce.

Mr. KENNEDY. You were found guilty?

Mr. BURKHARDT. Yes.

Mr. KENNEDY. Then did you have a partner, Mr. Charles Seitz?

Mr. BURKHARDT. No, we did not.

Mr. KENNEDY. Did you have him as an employee or working with you?

Mr. BURKHARDT. He was an employee.

Mr. KENNEDY. Had he been found guilty of the same crime in 1953?

Mr. BURKHARDT. I don't think he was found—no, he wasn't found guilty.

Mr. KENNEDY. He was indicted, convicted, and fined on April 14, 1953. He was arrested for 7,625 pornographic phonograph records. It was on the premises of North Side Record Co. Is that one of your companies?

Mr. BURKHARDT. Yes.

Mr. KENNEDY. Well, he was convicted and fined \$500 and costs by the State of Ohio, No. 65465.

(The witness conferred with his counsel.)

Mr. KENNEDY. These were records that were seized?

Mr. BURKHARDT. Seitz had no part of the thing at all. I am quite sure that—

Mr. KENNEDY. This is a different situation. Yours was in 1950, and his was 1953.

Mr. BURKHARDT. Well, just for the record, Mr. Seitz never at any time had any part of this thing, never. He was an employee and this allegedly obscene goods was in storage and had been in storage under lock and key for about 3 years. There had never been a record sold out of it since 1950.

I was in Texas at the time the police came out there. I believe they took Seitz in, but I went down to the police and I exonerated Seitz. Seitz had nothing to do with it whatsoever. It would be unfair and dishonorable to besmirch this man's name.

Mr. KENNEDY. I am saying this is what the record shows, Mr. Burkhardt.

Mr. BURKHARDT. Well, Seitz had no part of it. If there are any obscene records, I am the only one responsible for it.

Mr. KENNEDY. When these individuals, these two individuals, came down to see you, that you were talking about earlier, did they say they wanted to do this business in cash?

Mr. BURKHARDT. Yes, I believe he did.

Mr. KENNEDY. Did you raise some question about that?

Mr. BURKHARDT. I don't really remember. Somehow or the other the cash situation wasn't suitable. It was handled as a normal transaction. Invoices were made, account ledgers were made. It was handled as a normal, routine business procedure from the very beginning.

Mr. KENNEDY. Did they request or suggest that it be done in cash?

Mr. BURKHARDT. Yes.

Mr. KENNEDY. Did you refuse to do in cash?

Mr. BURKHARDT. They requested—I remember now. Just a moment, please.

(The witness conferred with his counsel.)

Mr. BURKHARDT. It started off as a c.o.d. thing, and cash wasn't practical. I finally accepted certified checks.

Mr. KENNEDY. Ordinarily when you are handling these situations, do you make some kind of a contract with the people?

Mr. BURKHARDT. No.

Mr. KENNEDY. You don't have any kind of contract?

Mr. BURKHARDT. It is not routine procedure in the record business.

Mr. KENNEDY. Do you ordinarily bring your attorney in to approve the situation?

Mr. BURKHARDT. No, not unless there is some sort of a large deal, which is extending over a long period of time, where maybe some special service is involved.

Mr. KENNEDY. This was a large deal?

Mr. BURKHARDT. At the beginning, sir, I didn't realize the extent of the thing. The man ordered 500 records on his first order.

Mr. KENNEDY. After it had been going a week or 2 weeks, did you ever inform your attorney that you were participating in this?

Mr. BURKHARDT. I did not.

Mr. KENNEDY. Wasn't that unusual in view of the fact——

Mr. BURKHARDT. Not at all, because it was handled in a routine manner and I didn't have any problem. I didn't see any reason to bring an attorney into the picture.

Mr. KENNEDY. Did they ever bring a record down for you to copy, a record itself?

(The witness conferred with his counsel.)

Mr. BURKHARDT. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. When the Cincinnati Police Department came into your place of business, they found labels, the Cadence label, with a song called "Should We Tell Him?" Would that be a record that was sent down that you would copy?

Mr. BURKHARDT. I wouldn't know, sir.

Mr. KENNEDY. And Cameo label with "Bad Motorcycle."

Mr. BURKHARDT. All the labels were sent to us from Chicago.

Mr. KENNEDY. Then Roulette. Roulette—that is a well-known label, is it not?

Mr. BURKHARDT. It is now.

Mr. KENNEDY. And it was a well-known label at the time?

Mr. BURKHARDT. Not to me it wasn't.

Mr. KENNEDY. You had never heard of Roulette?

Mr. BURKHARDT. No.

Mr. KENNEDY. And you hadn't heard of the rather well-known songs at that time, "Oh, Oh, I'm Falling In Love Again," and "Kisses Sweeter Than Wine"?

How would they have you copy those records?

Mr. BURKHARDT. I can't answer it on the ground it might tend to incriminate me.

Mr. KENNEDY. "You Can't Stop Me From Dreaming."

The CHAIRMAN. Ask a question. I am going to make an order here, if this witness continues this.

Mr. KENNEDY. Isn't it correct, Mr. Burkhardt, that they didn't bring any master record down; they brought the records themselves almost from the beginning? They brought the records down; they had the labels; and you were just to copy the records, and right from the beginning you knew there was something phony in this; that perhaps you weren't involved as much as they were, but certainly you knew during this whole operation there was something illegal and phony in it?

Isn't that correct?

(The witness conferred with his counsel.)

Mr. BURKHARDT. I refuse to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. In the 5 weeks of operation, you received some \$20,-095.01, so it was a pretty big operation, was it not?

Mr. BURKHARDT. I wound up losing money on the deal. They owe me \$2,000 that I never collected. That was the profit.

Mr. KENNEDY. But when they furnished you a bum check, until that happened you had received some \$20,000 or over \$20,000. This was a big operation for you, was it not?

Mr. BURKHARDT. Correct, sir.

Mr. KENNEDY. How many records do you think you made up for them?

Mr. BURKHARDT. My guess would be between 100,000 and 120,000. I have never tallied it. It was never important to me. You people have all the figures.

(The witness conferred with his counsel.)

Mr. BURKHARDT. You have all the records and the invoices. I don't have them, so I couldn't give you a quantity.

Mr. KENNEDY. I believe, Mr. Chairman, we can call Mr. Kaplan to show at least what the records show on how many records were made.

The CHAIRMAN. Mr. Kaplan, you have been previously sworn. You may make your statement.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

Mr. KAPLAN. When I visited Mr. Burkhardt's plant on January 22, 1959, I obtained from him all of the invoices he said reflected his shipments to George Miller. George Miller also received shipments under several other names as well. These total from the invoices 121,700 records.

The CHAIRMAN. Does that figure sound about right, Mr. Burkhardt?

Mr. BURKHARDT. If Mr. Kaplan obtained those figures from our invoices, I would say that that figure is correct.

The CHAIRMAN. You do not think that is an exaggeration?

Mr. BURKHARDT. No.

The CHAIRMAN. Thank you. Proceed.

Mr. KENNEDY. We have been able to identify that Hilger and Miller are one and the same people; is that right?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And that this company that made these arrangements was the company that was operated by Chuck English; is that right?

Mr. KAPLAN. Chuck English is well related to the entire operation; yes, sir.

Mr. KENNEDY. And the only person that received any penalty out of this, when the case ultimately was tried, was Hilger, who received the \$50 fine?

Mr. KAPLAN. Yes, sir; he pleaded guilty to two counts.

Mr. KENNEDY. And received a \$50 fine?

Mr. KAPLAN. Actually, he was fined \$100 on each of the two counts, but \$75 was suspended on the two counts. So it totaled \$50.

Mr. KENNEDY. Were you ever interviewed by anybody from the State's attorney's office in Chicago?

**TESTIMONY OF CARL J. BURKHARDT, ACCOMPANIED BY COUNSEL,
ALFRED D. MEITUS—Resumed**

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. Nobody ever came down to see you?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. Nobody ever got what information you had about this operation?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. So there were some 120,000 records that we know of that were printed in this manner which were ultimately shown to be counterfeit records?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And one of the participants pleaded guilty and received the fine?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Is there anything further?

Mr. KAPLAN. Well, they nolle prossed the original indictment on the counterfeit records and changed them over to forged labels and only on a small quantity of this production. So there seems to be an area which was not hit.

Mr. KENNEDY. Do you want to put the names of the labels seized by the Cincinnati police into the record, Mr. Chairman?

The CHAIRMAN. Mr. Kaplan, did you secure from the records of this man's business a list of the labels that were used?

Mr. KAPLAN. No, sir. I received that record, sir, from the prosecuting attorney of Hamilton County in Ohio.

The CHAIRMAN. I show you this list, Mr. Burkhardt, and ask you to examine it, these three pages I am showing being alike. Examine these labels that are listed here and see if you recognize them as labels that were used in your operation.

(A document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. BURKHARDT. What is it you wanted me to answer with regard to the list?

The CHAIRMAN. Is that list accurate and correct? Do you recognize it as a list of labels that you used in this operation?

(The witness conferred with his counsel.)

Mr. BURKHARDT. To the best of my knowledge—

The CHAIRMAN. Or labels that you copied?

Mr. BURKHARDT. To the best of my knowledge, that list appears to be correct; that is, it has the names of various labels that we have had

in our possession. However, I will state this: There are a number of label names on there that I am quite sure were never pressed. In other words, there is at least three or four that were never pressed, they never got into production for one reason or another.

The CHAIRMAN. Would you name the three or four?

Mr. BURKHARDT. I can't be sure on that. I would have to guess.

The CHAIRMAN. Well, those you think are exceptions, that were not used.

In the meantime, this list may be made exhibit No. 57.

(List referred to was made exhibit No. 57 for reference and may be found in the files of the select committee.)

The CHAIRMAN. The witness can point out the exceptions.

(The witness conferred with his counsel.)

Mr. KENNEDY. Why don't you just read the names out?

Mr. BURKHARDT. Mr. Chairman, I want to make it clear, though, that I didn't make these labels.

The CHAIRMAN. You used the labels?

Mr. BURKHARDT. I only used the labels. The labels were furnished me. I want to make clear that I did not counterfeit these labels or print these labels.

The CHAIRMAN. I understand that. These are the labels that were furnished you that you used in carrying out your arrangements with them. They provided you with these labels, as I understand you.

Mr. BURKHARDT. It appears to be, if my memory serves me correct, that there are either three or four items on here which never got into production.

The CHAIRMAN. Can you identify those three or four?

Mr. BURKHARDT. The Herald item, marked H-510; "The Whadda Do" and "Congratulations." That never got into production. The Vee Jay item, "You Can't Make It If You Try," and "Hey, Hey, I Love You," I am quite sure that that never did get anywhere.

And Warner "We're Strolling," and "Crowded Classroom," that didn't go into production.

There is one of the Roulette numbers that I am quite sure didn't go into production either, but I don't know which one it was, because, if I am not mistaken, there was only one Roulette record that was ever pressed. I could be wrong on that.

This shows—there is something wrong with this list. It shows seven Roulette items. It ought to be eight, if there were four records. But there is at least one or two of these Roulette items that never was produced. The man only sent the labels and that was the end of it. It didn't go anywhere. The same held true with the Herald, the Vee Jay, and the Warner.

The CHAIRMAN. Those were all provided you, but some three or four didn't get into production; is that correct?

Mr. BURKHARDT. That is correct, sir.

The CHAIRMAN. All right.

(The witness conferred with his counsel.)

Mr. KENNEDY. At the end, they stopped certifying the checks, and they sent you regular checks, is that right, and a couple of these bounced?

Mr. BURKHARDT. No. The last check they sent wasn't certified and that is the one that bounced.

Mr. KENNEDY. How much was that for, approximately?

Mr. BURKHARDT. Just a little under \$900. I don't remember the exact amount.

Mr. KENNEDY. That is the only one that bounced?

Mr. BURKHARDT. That is right, sir.

Mr. KENNEDY. Did you hear from them again?

Mr. BURKHARDT. No, sir.

Mr. KENNEDY. They never came back to see you or contacted you again?

Mr. BURKHARDT. I got one phone call wanting to know what was happening down in Cincinnati, after the operation stopped.

Mr. KENNEDY. The what?

Mr. BURKHARDT. I got one phone call.

Mr. KENNEDY. Did they want you to start up an operation again?

Mr. BURKHARDT. No. He asked me what was going on in reference to the police department and the charges, and I told the man there had been no charges against me as an individual or against the company.

Mr. KENNEDY. Was there any discussion about getting back into operation?

Mr. BURKHARDT. He asked me pointblank if I wanted to make any more records, and I told him no.

Mr. KENNEDY. When was this?

Mr. BURKHARDT. About 6 months ago.

Mr. KENNEDY. You didn't get certified checks all the time, Mr. Burkhardt?

Mr. BURKHARDT. Well, sir, what I mean is I couldn't state that all the checks were certified.

Mr. KENNEDY. According to your records here, of 15 checks only 4 of them were certified.

Mr. BURKHARDT. Well, I don't know why. I just asked for certified checks.

Mr. KENNEDY. You didn't get them at all at the beginning, in January 1958. None of those checks was certified.

Mr. BURKHARDT. Wait a minute. There was a contingency on about the second or third check, and at that point I told them I wanted certified checks.

Mr. KENNEDY. That is all.

The CHAIRMAN. Are there any questions?

The order the Chair gave you in the beginning with respect to the questions that were asked you still continues.

Do you want to continue to refuse to answer them, or do you want to answer the question?

Mr. BURKHARDT. I have to refuse, sir.

The CHAIRMAN. All right. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. You may stand aside. Call the next witness.

Mr. KENNEDY. Mr. Charles Carmen English.

Mr. MEITUS. Am I to understand that this witness is excused?

The CHAIRMAN. I don't think that we need him any further.

Mr. MEITUS. Thank you.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ENGLISH. I do.

TESTIMONY OF CHARLES ENGLISH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. ENGLISH. My name is Charles English, and I live at 1834 South Austin Boulevard, Cicero, Ill.

The CHAIRMAN. Did you say what your occupation is, Mr. English?

Mr. ENGLISH. I decline to answer on the ground I may intend to incriminate myself.

The CHAIRMAN. You may "intend" to, or you may "tend" to?

Mr. ENGLISH. I may tend to incriminate myself, and if I say it wrong, Mr. Chairman, I am not an attorney and I am not advised by counsel, and if I say it wrong, I am sorry. There is no disrespect to the committee.

The CHAIRMAN. All right. You waive counsel, do you?

Mr. ENGLISH. Yes, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. English, you had an interest in the Lormar Distributing Co.?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And you were involved in the forcing of operators in the Chicago area, as I understand, and in Wisconsin, and in Ohio, and to some extent in Michigan and Minnesota, to purchase records from the Lormar Distributing Co.; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And people with known criminal associations would go around to the distributors and tell them that they had to purchase a certain percentage of their records from your company?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Now, Mr. Counsel, was this the operation in which they were using the labor officials to make this threat?

Mr. KENNEDY. That is right.

The CHAIRMAN. I don't know whether we asked any questions of the previous witness that would keep the link of relationship between the labor union in the enforcement of this or that part of this operation.

Mr. KENNEDY. He would have no information along these lines.

The CHAIRMAN. But this one does have.

Mr. KENNEDY. This is the witness, Mr. Chairman, that owned the company where the labor union officials were used in order to promote their sales.

The CHAIRMAN. It is the company whose sales the labor union was used to promote in that area?

Mr. KENNEDY. That is correct.

The CHAIRMAN. I just wanted to keep the connection.

Mr. KENNEDY. And these individuals, these operators, were told that they could have labor difficulties unless they purchased your records; is that right?

Mr. ENGLISH. I decline—are you through with the question?

Mr. KENNEDY. Yes.

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And not being satisfied with the regular profit where you charged 5 cents more per record than your competitors and still were successful in getting people to buy the records, you then started this operation of counterfeiting the records; is that right?

Mr. ENGLISH. Will you repeat that again?

Mr. KENNEDY. Mr. English, you were not satisfied with pushing people around and getting them to purchase your records for 5 cents more a record, but you were such a big shot that you thought that you would then go ahead and get your records counterfeited so that you could make even more money; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And that you moved in and you had your big friends in the labor movement who are dishonest, those who are dishonest like "Jukebox Smitty," and you had your big friends in the underworld push the records for you; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And if it became necessary, that you would send somebody else around to have operators beaten up, is that right, if they wouldn't purchase your records?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. It was just an organized shakedown in your behalf, was it not?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And you were able to do that not because of yourself, Mr. English, it was because of your friends and associates, like Paul "The Waiter" Ricca; is that not right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. That you have handled according to the information in the possession of the committee, money on behalf of Paul "The Waiter" Ricca, and you were handling it back as far as 1952; is that not right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And that when Paul "The Waiter" Ricca sold his farm in 1951 and was supposed to have received an \$80,000 second mortgage and there was discussion about repaying the loan, you were to handle the transaction for him?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And actually when he said he didn't have to pay the loan, you were arranging with these people, this was just a payoff,

so that some of these people could run a track down in Florida; isn't that right?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And didn't he state at that time that these matters were all handled by you, Mr. English?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And now one of the people that you do your work for is "Mooney" Giancana?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And the records that we have indicate that for instance in 1954, Mr. Giancana received \$50,000 in profit from betting, and could you tell us what that was for?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And he paid you off \$12,500 of that?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And Mr. Giancana was the chief gunman for the successors of the Al Capone mob?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

MR. KENNEDY. And you do his menial tasks for him, do you, Mr. English?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

THE CHAIRMAN. Is this Mr. Giancana in any way involved in this record matter?

MR. KENNEDY. Mr. Giancana, Mr. Chairman, is the man behind Mr. Chuck English. This is a syndicate operation, the Lormar Record Co., an underworld operation, and Mr. English in our estimation is merely a front. He is a lieutenant of Sam "Mooney" Giancana, who, along with Tony Accardo, is probably now one of the chief underworld figures in the Chicago area, since Paul "The Waiter" Ricca has been convicted of tax evasion. Mr. Chuck English has assumed more importance over the last 3 or 4 years, and this record company has been a front for Giancana through the efforts of Mr. Chuck English.

THE CHAIRMAN. Mr. English, do you know this "Jukebox Smitty"?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

THE CHAIRMAN. Did you use him in connection with your operations in any way?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

THE CHAIRMAN. Did you have arrangements with him or with anyone else representing a labor organization to use the power, influence, or coercion of a labor organization to promote and to sell these records or to have them purchased from this Lormar Co.?

MR. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. If there was no record company and you had no connection with it, I don't see how it would incriminate you, do you?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Then must we assume that such did occur?

Mr. ENGLISH. I decline to answer.

The CHAIRMAN. I am not so much interested in you gangsters, and people like that, but what I am interested in is the connection with labor-union bosses, who certainly occupy a front position of respectability, and who owe a very high obligation to the working people of this country, the dues-paying members who have placed their confidence and trust in them. What we are interested in are those people who are in that position that would betray that trust and misuse and exploit these union members.

Now, can you be helpful? If your operations were not connected with this union group, or an officer or two who was engaged in such practices, it would be a favor to them, I am sure, for you to say that you were not connected with them in any way.

Can you say that?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Now, Mr. Chairman, the relationship or the importance of this individual in the Chicago area has increased somewhat in the recent past, since 1954 or so. Prior to that Mr. English's chief task for these people was to place bets at the racetrack. Isn't that right, Mr. English?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And the information in the possession of the committee is that he placed the bets for Sam "Golf Bag" Hunt; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Who received his name because he used to carry his machinegun around in his golf bag—and the late Al Capone leader, "Greasy Thumb" Guzik; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. When you were ousted from the Washington Park Track in 1954, it was Greasy Thumb Guzik who protested to the Washington Park owner, Hendenheimer; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And then you tried to sue for \$250,000 because you were ousted from the racetrack, and the court dismissed the charge.

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And we also have you as a close associate of Tony Accardo, Mr. English; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Going back to Mr. Giancana, according to records in our possession, you and he were in partnership together and declared for the years 1956, 1955, 1953, and 1952, a 4-year period, some \$45,000 in partnership; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. That was you and Giancana; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Now, Mr. Chairman, in the Lormar Record Co., in addition to using the union, and having Joey Glimco, who was a Teamster Union official, as well as Juke Box Smitty, call up the various distributors to have them buy their records, you took other steps, did you not?

The CHAIRMAN. Do you know Joey Glimco?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. What official position did he have with a labor union?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. All right. Now you have been asked about your contact with them, and having Smitty and Glimco intervene for you to serve this company. What other steps did you take?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Chairman, he is a close associate of Joey Glimco and we have had the testimony already of Joey Glimco intervening on behalf of this record company, but also to bring pressure on the distributors they formed a so-called "whip" company, which was the E. & E. Distributing Co. We had a witness from that company who testified last Friday. Isn't that correct?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And you went around to bring pressure on the various distributors through this "whip" company, that would make a better deal and give better terms to the location owners if the other company would not buy records from you?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Is this whip company pressure and its intervening a part of the pressure and coercion used by Glimco and Smitty to coerce these operators into buying their records from this company?

Mr. KENNEDY. That is correct, Mr. Chairman.

Now, Mr. Chairman, Mr. English has been arrested nine times with no convictions.

Is that right, Mr. English?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. Rather interestingly, he registered for the draft in October of 1940, and was classified 1-A, and he made numerous attempts to have his induction deferred on the ground that he told the

representative from the draft board that he had had a 15-year record of friction with the law, and that if the draft board wanted him, they would have to come and get him.

Is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. I don't think that you would incriminate yourself intentionally, and you say that you "may tend to." You mean that it might tend to incriminate you.

Mr. ENGLISH. It might tend to incriminate me; yes.

Mr. KENNEDY. It is also of some interest, Mr. Chairman, that he is a brother of Sam English, whom we have had as a witness last year who was hired on behalf of the Chicago Restaurant Association to bring labor peace.

Isn't that right? Sam English is your brother?

Mr. ENGLISH. I decline to answer on the ground it may tend to incriminate me.

Mr. KENNEDY. And that you have a brother-in-law, Carlo Urbanatti, who was involved in a shooting in June of 1957 of a Federal narcotics agent. Isn't that correct?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. When he was arrested he had a business card which read,

Charles Carmen English, One-Stop Phonograph Record Service, Lormar Distributing Co., 5954 West Roosevelt Road, Telephone ESTebrook 8-6300.

The CHAIRMAN. Was he in on this deal, too?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Who actually made the arrangements with this fellow Smitty and Glimco to use them as a labor representative, to bring about this coercion and intimidation? Who actually made the arrangements with them? Did you?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Do you know who did?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. What did they get out of it or what was the union to get out of it?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. There wasn't anything done that was in the interest of the union, was there, that really served the interest of the working people who paid the dues? There wasn't anything done to help them, was there?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. All right.

Mr. KENNEDY. Actually, Urbanatti was involved in the shooting of two Federal narcotics agents by the names of Jack Love and John Ripa. We also understand, and we have information that you have been closely associated with William Skally; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. He also has the nickname of "The Saint," and he is a bookmaker and one of the syndicate's master counterfeiters; isn't that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. Do you know the man personally?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. In 1954, he and a William McGuire formed a partnership called "Consolidated Sales," and at that time they were selling lamps and auxiliary jukebox equipment; is that right?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. What is the name of that company?

Mr. KENNEDY. Consolidated Sales, and it was formed with William McGuire, a former Chicago policeman who was married to George Hilger's niece. George Hilger played some important role in this.

They also solicited the purchase of old records from operators, ostensibly to clean, repack, and sell them to chainstores.

(At this point Senator Mundt left the hearing room.)

The CHAIRMAN. What information do we have on this witness with respect to George Hilger? Did Hilger work for this witness or was he a partner associated together in this enterprise?

George Hilger and George Miller are one and the same, are they?

Mr. KENNEDY. The company, Lormar, and Consolidated Sales, Mr. Chairman, have the same address and George Hilger had interests in Advance Advertising, Midwest Distributors, and, of course, George Miller, and he sold in turn to Lormar and to Consolidated Sales, which was run by Chuck English and William McGuire.

The CHAIRMAN. Then English and Hilger were associated together?

Mr. KENNEDY. The wife of McGuire was the niece of Hilger. It was all the same operation, in substance, Mr. Chairman.

The CHAIRMAN. Do you want to help us untangle this thing a little so we can see clearly who was in on the operation?

Mr. ENGLISH. I decline to answer on the ground it may tend to incriminate myself.

The CHAIRMAN. I assume, then, you don't want to help us.

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. And Marilyn McGuire, Mr. Chairman, is also the treasurer of Consolidated Sales.

In addition, this witness, and we will have some testimony on it— isn't it correct that you would go around and tell people, and have done so in the past, that they should sell their old records to you, when you were in this business, and you would be able to pick up some stops for them?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

The CHAIRMAN. What I would like for some of you to be generous enough to do is to tell how the union members would get any benefit from this kind of an operation, such that it should engaged

the attention, interest, and labor of their business representatives or of the officials of their union.

Can you point out where those working people got any benefit from it whatsoever?

Mr. ENGLISH. I decline to answer on the ground it may tend to incriminate myself.

Mr. KENNEDY. Mr. Chairman, believe me, again, as we said, in order to bring this pressure, Lormar not only brought the pressure through the union, Joey Glimco and "Juke Box" Smitty, but they also formed this E. & E. Co.

The E. & E. Co. would be the whip company. As we have seen it operate not only in Chicago, but as we have seen it operate in the cartage industry and other industries, they don't care what kind of a loss they take temporarily, because the idea is to try to obtain a monopoly in a particular community.

We have found from an examination of some of the accounting papers of the Lormar Co. that they took a loss of \$85,000 for jukebox sales during the period of 1957, the end of 1957, and 1958.

The CHAIRMAN. What company?

Mr. KENNEDY. Lormar. That is the company that was supposed to be producing records but they took a loss in jukebox sales of \$85,000, which would be the E. & E. Co.

The CHAIRMAN. Do you know anything about that?

Mr. ENGLISH. I decline to answer on the ground I may tend to incriminate myself.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

If not, you may stand aside.

The committee will stand in recess until 2 o'clock.

(Members of the select committee present at time of recess: Senators McClellan and Capehart.)

(Whereupon, at 11:55 a.m. the select committee recessed, to reconvene at 2 p.m. the same day.)

AFTERNOON SESSION

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of reconvening: Senators McClellan and Capehart.)

The CHAIRMAN. Call your next witness.

Mr. KENNEDY. Mr. Chairman, we have been discussing the jukeboxes, and this afternoon we will be devoting our time to witnesses in connection with the amusement games in Cook County and the surrounding area of Illinois.

I would like to call as our first witness Mr. Arthur Kaplan, who will just testify briefly as to the association and some of the names that will be involved in connection with this matter.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

The CHAIRMAN. Mr. Kaplan, you have been previously sworn?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. You may proceed.

Mr. KENNEDY. What is the association that we will be dealing with? What is its name, the initials we will be using?

Mr. KAPLAN. The association that was formed by the game machine operators is what is known as the Chicago Independent Amusement Association, Inc. We have been referring to it as CIAA, and it is so referred to in the business in Chicago.

The CHAIRMAN. Chicago—what?

Mr. KAPLAN. Independent Amusement Association, Inc.

Mr. KENNEDY. Who operated or who ran that?

Mr. KAPLAN. The association was formed by a group of operators in late December 1955, and incorporated under the State laws of Illinois as a nonprofit association. Its purposes were very similar to that of the Jukebox Operators Association and, indeed, several of the people who were in it said what they wanted to do was to get the same kind of protection that the jukebox operators had for their locations; that is, protecting their machines on locations from competition.

Among the incorporators were William Knapp and Sam Greenberg.

Mr. KENNEDY. How do you spell his name?

Mr. KAPLAN. K-n-a-p-p, and G-r-e-e-n-b-e-r-g. And then several others.

Knapp became one of the directors and Greenberg became the president, and one of the directors of the association.

Mr. KENNEDY. What kind of games are involved and how many different games are covered by the association? How many operators, also?

Mr. KAPLAN. The types of games with which these people are concerned, and they are the operators of them, are the amusement pinballs, so-called, the shuffle alleys and bowlers, the pool tables that you see in taverns, this small type of pool table, and various other kinds of machines which are not otherwise outlawed by ordinance.

Payoff pinballs are assertedly outlawed, although in some instances we think these machines are used that way.

The group announced that their purpose was to legislate against unfair legislation on the bagatelle game, which is a kind of fancy trade term for pinball machines, and other restrictive legislation by the city of Chicago. But there is no question but that it was for location protection.

Mr. KENNEDY. Before we get into that, how many different machines, approximately, are covered?

Mr. KAPLAN. Do you mean the types or actual machines?

Mr. KENNEDY. Actual machines.

Mr. KAPLAN. Actual machines we think there are approximately between 7,000 and 9,000 machines on locations.

The CHAIRMAN. These are not vending machines you are talking about?

Mr. KAPLAN. No, sir.

The CHAIRMAN. These are game machines when they may be used for gambling purposes?

Mr. KAPLAN. Yes, sir. Well, not all of them for gambling purposes.

The CHAIRMAN. I didn't say all of them.

Mr. KAPLAN. Some may be; yes, sir.

The CHAIRMAN. But ostensibly they are just games, amusement machines; is that right?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. This association that you mentioned, that involves between 7,000 and 9,000 boxes or units?

Mr. KAPLAN. According to our best estimate from some of the licensing that took place in Chicago.

The CHAIRMAN. In round numbers that is what you are talking about.

Mr. KAPLAN. They are all supposed to be licensed by the city of Chicago.

Mr. KENNEDY. How many operators are there, approximately?

Mr. KAPLAN. Someplace between 125 and maybe 100, or less.

The CHAIRMAN. About 100 operators?

Mr. KAPLAN. About 100 operators; yes, sir.

Mr. KENNEDY. Did they make a contract with the union?

Mr. KAPLAN. Well, that didn't take place until almost a year later. But prior to that time, in about July of 1956, after the association appeared to find that they could not, by agreement among its members, effect the same restraints it wished that the jukebox operations were effecting so effectively, they hired a man named Thomas "Red" Waterfall as their executive secretary, and he——

Mr. KENNEDY. How do you spell that?

Mr. KAPLAN. W-a-t-e-r-f-a-l-l; Waterfall.

Mr. KENNEDY. Has he another name?

Mr. KAPLAN. Yes, sir. We discovered after some investigation that this man was actually a man named Hyman Larnier.

Mr. KENNEDY. Tell how they brought him in.

Mr. KAPLAN. Assertedly, he was elected to his position as executive secretary, but the facts show that he was hired before the election took place, and placed on the payroll, and he then ran the association.

Immediately after he was hired, the association rented an office in one of the downtown office buildings, hired a girl, and went into high-gear operation. The first thing they did was to announce that they had signed a labor contract with the coin machine division of local 134 of the IBEW.

Mr. KENNEDY. The same union and the same individual that we have been discussing over the period of the past 3 days?

Mr. KAPLAN. That is exactly right, sir.

Mr. KENNEDY. This same Jukebox Smitty?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. That part of local 134 of the IBEW that is headed by Jukebox Smitty?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. They went into the same kind of a contract that the jukebox people had?

Mr. KAPLAN. Yes. And they even announced that the negotiation took place with Smith representing the union.

On the basis of this purported contract that they signed, they then upped the dues to this association 600 percent. The dues for the members used to be 50 cents per machine per quarter, and it went from that to \$1 per machine per month. They started to issue stamps, union stamps, that were to be on the machine.

MR. KENNEDY. The same kind of operation, once again, that the jukebox people had that the union stamps would be issued by the association, the employer association?

MR. KAPLAN. Yes, sir.

THE CHAIRMAN. The association, presumably, had a contract with the union?

MR. KAPLAN. Yes, sir.

THE CHAIRMAN. And the members of the association, the operators, got their union stamps to go on their machines from the association, and not directly from the union?

MR. KAPLAN. Yes, sir; but only after they paid their dues in advance.

THE CHAIRMAN. That was \$1 per machine; is that correct?

MR. KAPLAN. Yes, sir; and they had to list the number of machines they had and where their locations were.

MR. KENNEDY. You went and visited the game association office; is that right?

MR. KAPLAN. Yes; I did.

MR. KENNEDY. At that time, Mr. Waterfall or Mr. Larner had taken off; is that right?

MR. KAPLAN. Yes, sir. He had taken off just previously.

MR. KENNEDY. We spent some 8 months trying to find him; is that correct?

MR. KAPLAN. More than that, sir.

MR. KENNEDY. More than 8 months?

MR. KAPLAN. Yes, sir.

MR. KENNEDY. Finally we traced him down to Florida and then traced him back?

MR. KAPLAN. Yes, sir.

MR. KENNEDY. Ultimately we were able to subpoena him.

Did you find any union material at the office of the association operators?

MR. KAPLAN. Yes, sir; I did. I found a stamp, which had the legend of the IBEW, one of these rubber stamps.

MR. KENNEDY. Do you mean so that they could stamp their mail as if it came from the IBEW?

MR. KAPLAN. Exactly, sir.

MR. KENNEDY. That was in the office of the association?

MR. KAPLAN. Yes, sir.

MR. KENNEDY. Do you have that here?

MR. KAPLAN. I think we do; yes, sir.

THE CHAIRMAN. Do you mean the association, in effect, acted for the union whenever it wanted to?

MR. KAPLAN. Well, subsequent investigation disclosed that there was no contract with the union.

THE CHAIRMAN. In other words, apparently there was collusion between the association and the union; they were working together; is that correct?

MR. KAPLAN. Well, there was collusion between the business representative of that union and the association; yes, sir.

THE CHAIRMAN. That is what I mean, their representative.

MR. KAPLAN. Yes, sir.

(At this point Senator Mundt entered the hearing room.)

THE CHAIRMAN. Was it after that arrangement was made between the business representative of the union and this Waterfall, or Larner,

of the association, that the dues or payments on the part of the machines increased from 50 cents a quarter to \$1 per month in advance?

Mr. KAPLAN. Yes, sir. It was on this basis that they justified the increase to their members because they then, the association then, claimed it would remit to the union the necessary dues that these men would then have to pay to the union since they had then become members through an alleged master contract between the association and local 134.

Mr. KENNEDY. Did the contract actually exist?

Mr. KAPLAN. No, sir. We found several other items at the same time, however. We found, for example, 34 of these envelopes which are stamped "IBEW, Local 134."

The CHAIRMAN. What does that signify?

Mr. KENNEDY. Again, that they had the union material in the office of the association.

Mr. KAPLAN. We found 85 of the calling cards of Fred Thomas Smith, which are on the union seal.

The CHAIRMAN. This is material that you found in the association file?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. This envelope may be made exhibit No. 58 and the calling card of Mr. Smith may be made exhibit No. 58-A.

(Documents referred to were marked "Exhibits 58 and 58-A" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We found 118 of the obligation cards of the IBEW, of the international organization, which were in the association's office.

The CHAIRMAN. That card may be made exhibit No. 58-B.

(Document referred to was marked "Exhibit No. 58-B" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We found 69 prepaid envelopes of local 134.

The CHAIRMAN. That may be made exhibit No. 58-C.

(Document referred to was marked "Exhibit No. 58-C" for reference and may be found in the files of the select committee.)

Mr. KAPLAN. We have here the stamp, a reproduction of the four rubber stamps, that were found in the office. The first says "Coin Machines Division." The second says "IBEW Local 134, 600 West Washington Boulevard, Chicago 6, Ill." The third one says "Chicago Independent Amusement Association, Room 1102, 188 West Randolph Street, Chicago"—and this is where these were all found—and the fourth one says "Pay to the Order of Main Street Bank, Chicago Amusement Association."

The CHAIRMAN. That series of stamps may be made exhibit No. 58-D.

(Stamps referred to were marked "Exhibit No. 58-D" for reference and may be found in the files of the select committee.)

The CHAIRMAN. As I understand, you found the physical stamp there that was used to make these imprints?

Mr. KAPLAN. Yes, sir. And at the time these stamps were made, they were made in the presence of the office secretary by me and she initialed them at that time, and we have a statement in which she so indicates that they were all done at that time.

The CHAIRMAN. What is the significance of finding all of this union material there in the office of this association?

Mr. KAPLAN. Well, it would appear very clear to me, sir, that they were operating the so-called union affiliation out of that same office.

The CHAIRMAN. That is what I am trying to get at. It had some significance that you found all of this union material there at the association office.

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. Whereas, the association, presumably, was organized to represent the business interest, the management side of it.

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. Yet we find this contact between that association and this business representative Smith, and then we find all of this material over there in the association's office.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. It would appear, Mr. Chairman, that as the jukebox association was running the union phase of their operation, so it would appear also that the game association was also running the union as far as No. 134 is concerned.

The CHAIRMAN. Let me ask you this, because I want to keep the connection, keep the picture, clear to make this record: Did you check all of the records of this business association, this Chicago Independent Amusement Association?

Mr. KAPLAN. No, sir. What happened was that when Mr. Waterfall had disappeared 3 days earlier, he had taken all the records with him, and they were unable to account for these.

The CHAIRMAN. What I am trying to ascertain is what part of this money, this \$1 a month collected on each machine, and you said there were between 7,000 and 9,000 machines, I believe, involved—is that correct?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. And \$1 a month collected on them by the association, and presumably the association was to remit a part of that to the union.

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. Have you found from their records, have you found from any records, what part of that money actually went into the union treasury, the treasury of that local?

Mr. KAPLAN. Yes, sir. We have examined the union records and none of that money went to the union treasury.

The CHAIRMAN. Not any?

Mr. KAPLAN. Not any.

The CHAIRMAN. This \$7,000 to \$9,000 a month was collected with the help of the union, or the union name and influence being applied, none of that money collected for this purpose, can you trace into the union treasury?

Mr. KAPLAN. No, sir. There is not any reflection that it was ever received or that these men were put on the rolls. Indeed, we questioned rather closely the secretary-treasurer of the union and the people in the office and they disclaim any knowledge that there was any such contract. We also traced out, using the procedures of the IBEW, whereby, when a contract is signed, three copies have to go to the local. Of that, one copy is retained in the local's files and two are sent to the international.

At the international office they then confirm the propriety and whatever is in the contract, and return one to the local. None of these procedures took place with this contract.

The CHAIRMAN. You have traced it out and you have found no record of it whatsoever in the international, the local, or in the association's records?

Mr. KAPLAN. That is correct, sir.

Senator CAPEHART. Does the record show, then, that the union, this Electrical Workers 134, has no knowledge whatsoever of any contract existing with this association or with its employees?

Mr. KAPLAN. They have no knowledge of any contract. The only possible indication they could have had reflected from their own records is the payment of an invoice on this rubber stamp that was found in the CIAA office. We traced that to the man that made it, and that was paid for by the union along with several other rubber stamps at that same time.

Senator CAPEHART. Then there is no record where 134 ever gave this association or its employees a charter?

Mr. KAPLAN. No, sir.

Senator CAPEHART. I guess you and others will testify about this, but local 134 is the bargaining agent for the jukebox employees?

Mr. KAPLAN. Yes, sir. They have a contract with the jukebox association.

Senator CAPEHART. They have issued a charter and have signed a contract?

Mr. KAPLAN. Yes, sir. That was signed in 1950.

Senator CAPEHART. But with the amusement games, there is no record of there ever having issued a charter?

Mr. KAPLAN. That is correct, sir.

Senator CAPEHART. What about the vending machines, the coin machines that vend merchandise? Do they have an association?

Mr. KAPLAN. Not that we know, sir. We have not investigated that part of it in Chicago.

Senator CAPEHART. Are they represented by Electrical Workers 134 or do you know?

Mr. KAPLAN. I don't know.

Senator CAPEHART. Have you gone into that at all?

Mr. KAPLAN. No, sir.

Senator CAPEHART. You don't know whether they do or whether they do not?

Mr. KAPLAN. No, sir.

Senator CAPEHART. Is there an association of operators that operate gambling devices as separate from the amusement machines?

Mr. KAPLAN. None that I know of, sir; none that I have heard of.

Senator CAPEHART. And you have not checked the vending machines?

Mr. KAPLAN. No, sir.

In the city of Chicago itself cigarette venders are outlawed, and this, of course——

Senator CAPEHART. What do you mean outlawed?

Mr. KAPLAN. They are not allowed to use cigarette machines in the city of Chicago, by ordinance. Although we have jukebox operators,

such as the Apex Co., Eddie Vogel, who is one of the large cigarette venders in Cook County, it does not operate in the city of Chicago itself.

Senator CAPEHART. Are they allowed to vend candy?

Mr. KAPLAN. Yes, sir.

Senator CAPEHART. Milk?

Mr. KAPLAN. Yes, sir.

Senator CAPEHART. Coca-Cola?

Mr. KAPLAN. Yes, sir.

Senator CAPEHART. But not cigarettes?

Mr. KAPLAN. That is my understanding.

Senator CAPEHART. That is just Cook County alone?

Mr. KAPLAN. No, sir; that is just the city of Chicago.

Senator CAPEHART. Just the city of Chicago?

Mr. KAPLAN. Yes, sir.

Senator CAPEHART. Then the records show that local 134 has never issued a charter to this association?

Mr. KAPLAN. Yes, sir.

Senator CAPEHART. But they have issued a charter to jukeboxes?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. They would not issue a charter.

Mr. KAPLAN. There would be no charter to the association. There would be no contract.

Senator CAPEHART. Does the record show that they have issued a charter to the employees of the members of the association?

Mr. KAPLAN. If I can clarify that. None of the members of the association appear as members of local 134 which they would if even a master contract had been signed between the association and the local. That is, the local already has a charter from the international, and in this local there are employees as well as self-employed people who are in the jukebox business. These are all listed under the local's division called the phono division, or the coin machine division.

Assertedly, the business representative who had jurisdiction in that division, the coin machine division, Jukebox Smith, then purported to represent the local and sign a contract with this employers' association, CIAA. But we have found nothing, and we have looked very hard; that would indicate that this contract went any further than Mr. Smith and the association.

The CHAIRMAN. In other words, there is no charter issued by the local to the association. All the local would do would be to make a contract with the association.

Mr. KAPLAN. Exactly, sir.

The CHAIRMAN. There would be no charter involved.

Mr. KAPLAN. No, sir.

Mr. KENNEDY. Did they make a contract with them?

Mr. KAPLAN. They have no evidence at the local of having made a contract.

Mr. KENNEDY. Then is the situation one where a lot of people are representing that they represent local 134 in respect to this amusement games association?

Mr. KAPLAN. Well, the situation is exactly that the business agent and the president of the association represented that they had a contract with the local. However, even more significantly on that point,

sir, we also found in the office business cards for the president of the association and the executive secretary, the executive secretary being Thomas Waterfall and the president being Sam Greenberg, which were printed as follows: "Chicago Independent Amusement Association," with the address, and "Affiliate of IBEW Local 134."

Mr. KENNEDY. Let us see that.

What it was in substance is that the association in the jukeboxes had a contract with the local, local 134, which is "Jukebox" Smitty.

Mr. KAPLAN. Yes, he is, and that is a contract.

Mr. KENNEDY. They owned and controlled the union. This was a union that was established by the employers or the operators in the jukebox situation.

Mr. KAPLAN. That is true, sir.

Mr. KENNEDY. Then the amusement games people came along in 1955-56 and decided that they would form or operate in the same fashion?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. So they formed this association. Waterfall became the general manager. That was after they found that they had to make some alinement with the union in order to enforce their provisions against jumping one another's locations.

Mr. KAPLAN. Exactly, and against others throwing them out.

Mr. KENNEDY. Against third parties throwing them out.

So what they did was that they proceeded to act as if they had made some arrangement with the union, such as the jukebox people had.

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. They obtained all of the union material of "Jukebox" Smitty?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. They obtained the envelopes, they obtained the stamps, and they sent the stamps out to the members, union stamps?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. In return for that, all of the members of the CIAA had to pay dues to the association?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. And the dues were upped, after this supposed affiliation with the union. But they, in return for these dues, received these stamps from the union, which they were to place on their machine; is that right?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. They received the stamps that they were to place on their machines; is that right?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Just a few days before we went into the office, Mr. Waterfall took off. In our investigation, from an examination of the books and records of the association and the books and records of the union, we found that they never in fact made any kind of a contract with the union; is that right?

Mr. KAPLAN. That is right.

Mr. KENNEDY. That this was all a sham?

Mr. KAPLAN. That is right.

Mr. KENNEDY. That they didn't even go through the formality, as the jukebox people had, of making a contract?

Mr. KAPLAN. That is exactly it.

Mr. KENNEDY. That is it in substance.

The CHAIRMAN. This card that you referred to, showing the affiliation of the Chicago Independent Amusement Association, affiliation with local 134, may be made Exhibit No. 58-E.

(Card referred to was marked "Exhibit No. 58-E" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. The significant part of it is "Chicago Independent Amusement Association, affiliate of Local 134, IBEW."

They didn't have a contract and, in addition, it was an employer association.

Mr. KAPLAN. I also have a copy of one of the stamps that was found by me in room 1102, which is the association office. It is a union stamp. This is what they were sending out to their members.

The CHAIRMAN. This stamp may be made exhibit No. 58-F.

(Stamp referred to was marked "Exhibit No. 58-F" for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Have you any other documents?

Mr. KAPLAN. We have some documents which indicate that when the association went into existence, Thomas Waterfall used fictitious references in getting his lease and in otherwise representing who he was.

The CHAIRMAN. Was he a criminal or former or ex-convict?

Mr. KAPLAN. Sir, he is an employee of Edward Vogel.

Mr. KENNEDY. Mr. Chairman, Mr. Vogel is probably one of the two or three most important figures, if not the most important figure, behind this whole operation.

Mr. Vogel also controls a good number of the cigarette machines in Cook County, does he not?

Mr. KAPLAN. And a good number of the jukeboxes, under the business title of Apex Corp.

Mr. KENNEDY. He has the jukeboxes, the cigarette machines, and also a good number of the game machines?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. Is he one of the biggest operators in each one of those fields?

Mr. KAPLAN. Yes, sir, he is.

Mr. KENNEDY. We will go on, Mr. Chairman, to develop the fact that he was the one that was responsible for bringing in a number of these people with criminal records who were then responsible for a considerable amount of violence.

The CHAIRMAN. This fellow Waterfall, or Lerner, you say, worked for Vogel?

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. That is, until he was put in the business association?

Mr. KAPLAN. At that time ostensibly he was still working for Vogel.

Mr. KENNEDY. This is an operation, as we will develop, behind which was Eddie Vogel, who has these very close ties.

The CHAIRMAN. Do I understand you that he was actually running the union as well as the association?

Mr. KENNEDY. The business association was running the union.

The CHAIRMAN. And Vogel was running that?

Mr. KENNEDY. Yes. And he has close ties and associations with, again, the leading underworld figures in the city of Chicago. It once again cuts into the fact that it is an underworld or syndicate operation.

Senator CAPEHART. What is the reason they will not permit cigarette machines to be operated there?

Mr. KAPLAN. I don't know, sir. It is a long-standing ordinance, of many, many years old.

Mr. KENNEDY. Now, Mr. Kaplan, getting these people to belong to the association was not immediately successful, and some of the operators did not want to belong to the association and get mixed up in this business with the union?

Mr. KAPLAN. Some of them saw it as a shakedown.

The CHAIRMAN. What is that?

Mr. KAPLAN. Some of them saw it as a shakedown, and they had to pay \$1 a month for a machine, and they didn't need this association. This was the price of protection again, just as it was in the jukebox operations.

That is some of the key organizers of this thing might benefit because they would get the protection of the association, but for other people who didn't necessarily want the protection or could do business as businessmen, this only meant for them additional head tax on the right to keep their machines any place.

Mr. KENNEDY. Then, when there was some opposition, was this opposition followed by a considerable amount of violence and destruction of property?

Mr. KAPLAN. Yes, sir, almost immediately after this contract was announced through the trade papers and in newspapers, and there was not an immediate flocking into the association with the money that they wanted from the operators, a whole series of events took place—hijackings, acid on machines, and axing of machines, and such petty hoodlums just going directly into the tavern and telling people to stand over and they would chop up a machine that did not have a stamp of the association and the union.

Mr. KENNEDY. We have found that this was widespread not only in the city of Chicago, but in the surrounding areas.

Mr. KAPLAN. Yes, sir, because many of these operators also operate in the county. That is Cook County area, and the environs of Chicago.

Mr. KENNEDY. In that connection, Mr. Chairman, I would like to call another witness, which will take us more up to date as to the violence that was committed and then we will call some people who were subject to the violence, and then those whom we feel were responsible for it.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. The next witness is Mr. McShane.

The CHAIRMAN. Have you been previously sworn in this hearing?

Mr. McSHANE. No, sir, I have not been.

The CHAIRMAN. You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. McSHANE. I do.

TESTIMONY OF JAMES J. P. McSHANE

The CHAIRMAN. State your name, your place of residence, and your present employment.

Mr. McSHANE. My name is James McShane. I reside in New York City, and I am a staff member of this committee.

The CHAIRMAN. How long have you been with the committee, Mr. McShane?

Mr. McSHANE. A year and a half, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Prior to that you were with the police department of the city of New York?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. For how long?

Mr. McSHANE. Twenty years.

Mr. KENNEDY. Now, Mr. McShane, you made an extensive investigation; have you not?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Into the operation of the game machines?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. And the association?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Now, could you tell us and tell the committee what you have found to have occurred after this association was established, and Mr. Waterfall was brought in and it was publicized they were making this arrangement with the union, and that there was some opposition on the part of some of the game operators of the city of Chicago and in the surrounding area.

Mr. McSHANE. Well, we discovered after this extensive investigation that the association hired a number of Chicago hoodlums, and among those hired for the purpose of committing violence and stealing these different types of machines was an Alex Ross, a James Rini, and a Frank Masteri.

Mr. KENNEDY. Before we go into their backgrounds, do we find that there was a considerable amount of violence?

Mr. McSHANE. Yes, sir; we have been able to establish at least away over 100 cases.

Mr. KENNEDY. Where acid was thrown on machines?

Mr. McSHANE. Yes; or the machines removed from the premises.

Mr. KENNEDY. They were just taken right out of the premises?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. And the tavern owner was told to stay behind the bar?

Mr. McSHANE. And mind his own business.

Mr. KENNEDY. And they would take out the machine?

Mr. McSHANE. And put it on a truck and drive away with it.

Mr. KENNEDY. And we found they came in with axes and wrecked the machines?

Mr. McSHANE. Yes, sir, axes, and quite a number of machines had acid thrown on them which would completely ruin it.

Mr. KENNEDY. Now, you say we have found that those responsible were Mr. James Rini, Mr. Ross, and Mr. Masteri?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Could you give us a little bit of the background of Mr. James Rini, and how many times was he arrested?

Mr. McSHANE. Mr. Rini has a total of 31 arrests.

Mr. KENNEDY. How many convictions?

Mr. McSHANE. He has 19 convictions, and among the crimes he has been arrested for, at one time or another is burglary, robbery, grand larceny, con games, suspicion of murder, possession of burglar's tools, and malicious mischief involving automobiles.

The CHAIRMAN. What are some of his convictions?

Mr. McSHANE. He has a total of six convictions for burglary.

The CHAIRMAN. Six convictions for burglary?

Mr. McSHANE. Yes, sir. He has two convictions for robbery and he has four convictions for grand larceny, and he has one conviction for a con game, and one conviction for a conspiracy, and one conviction for the tampering with an automobile, which is malicious mischief.

The CHAIRMAN. That is enough. I just wanted to get some general idea.

Senator MUNDT. How severe were the sentences he received for all of these arrests and convictions?

Mr. McSHANE. In 1942, he was convicted of armed robbery and he served in Joliet Prison from 1942 to 1951. He came out in 1951 and he went back in 1952 for burglary, and he stayed in Joliet again until January 15, 1956.

Mr. KENNEDY. What about Mr. Ross?

Mr. McSHANE. Mr. Ross has a total of 22 arrests, and 8 convictions.

Mr. KENNEDY. What has he been convicted for?

Mr. McSHANE. Among the crimes that he has been convicted for are robbery, confidence game, counterfeit money, two cases of conspiracy, and he has also been arrested on suspicion of murder.

The CHAIRMAN. Let me ask you about these two men, Rini and Ross, were they the musclemen that were going around?

Mr. McSHANE. More or less, yes.

The CHAIRMAN. And they committed this violence?

Mr. McSHANE. There was also a Frank Masteri.

Mr. KENNEDY. He is not going to appear here as a witness?

Mr. McSHANE. He can't appear.

Mr. KENNEDY. Will you explain?

Mr. McSHANE. The reason he can't appear is that on July 29, 1957, he was lying on the seat in the rear of an automobile owned by Willard Bates.

Mr. KENNEDY. How do you spell his name?

Mr. McSHANE. B-a-t-e-s.

About a half a block away in a car we have been able to determine was Mr. Ross and Mr. Rini. The purpose of Masteri being in the car and Rini and Ross in the near vicinity is they intended to kill Bates. Bates saw Masteri in the back of the car, and went back into his house, and got a gun and went to the car again and called Masteri by name, and when Masteri raised his head he was shot and killed.

Mr. KENNEDY. He blew his head off?

Mr. McSHANE. More or less. However, Bates didn't hang around too long.

Mr. KENNEDY. Bates is the one they were trying to kill?

Mr. McSHANE. Yes.

Mr. KENNEDY. And he turned the trick the other way?

Mr. McSHANE. He switched temporarily, because in November of 1957 he was leaving his house and he was ambushed and killed.

Mr. KENNEDY. How many times was he shot? Were they able to determine that?

Mr. McSHANE. They weren't able to determine, there were so many.

Senator MUNDT. Who was Bates? Was he a coin operator or a union man?

Mr. McSHANE. He was a tavern keeper and apparently there were quite large amounts of friction going on between Bates and Masteri.

Senator MUNDT. Did you ever determine what the grudge was about?

Mr. McSHANE. No, sir; we weren't.

Mr. KENNEDY. Now, Mr. Rini, as I understand it, even by 1942 had been involved in so many robberies of garages and taverns and stores that he obtained the name "The Green Hornet"?

Mr. McSHANE. That is correct.

Mr. KENNEDY. He was known as that?

Mr. McSHANE. He was known as the Green Hornet, and he took great pride in the name.

Mr. KENNEDY. Would you describe from your investigation the way that these people operated or for whom they were working during this period of time and whether we have been able to trace any of the money they have received back to Vogel or the CIAA?

Mr. McSHANE. Well, our investigation shows that when Rini came out of Joliet Prison in 1956, originally he went to work for a book-maker in Chicago by the name of Tommy Mack. He didn't stay there too long, and he was subsequently hired by Eddie Vogel.

Ross was hired about the same time, and so was Masteri. Their salaries were \$150 a week, and they would be paid by Eddie Vogel or Sam Greenberg or Hyman Lerner, known as Thomas Waterfall.

The CHAIRMAN. Were they paid in cash?

Mr. McSHANE. Rini was always paid in cash, and that is our understanding, but I believe Ross on a few occasions was paid by check.

The CHAIRMAN. I was trying to get whether you had any documentary evidence of payments there.

Mr. McSHANE. We have it here.

The CHAIRMAN. To substantiate your statement that they were employed by Vogel?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. We are limited as to the number of checks we were able to get, because we only got the ones from the bank that were photostated at that time, but we were able to get some five checks where Mr. Ross' name appears as an endorser.

The CHAIRMAN. Can you identify these checks?

Mr. McSHANE. May I see it, sir?

The CHAIRMAN. Did you procure these checks?

Mr. KENNEDY. I think Mr. Kaplan did.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

The CHAIRMAN. Mr. Kaplan, I present to you five photostatic copies of checks and ask you if you can identify those checks.

(The documents were presented to the witness.)

Mr. KAPLAN. Yes, sir.

The CHAIRMAN. What are they?

Mr. KAPLAN. They are checks from the Chicago Independent Amusement Association on the American National Bank & Trust Co. of Chicago. They are signed by Sam Greenberg and Thomas Waterfall, and they are for the month of February and they are made out either to cash or to a person whom we are convinced is fictitious named Sam Buyers, and where it was made out to Sam Buyers they are endorsed allegedly by Sam Buyers and then by Alex Ross, and where they are made out to cash they are endorsed directly by Alex Ross.

The CHAIRMAN. In other words, this Ross that you are talking about is the last endorser on all of the checks.

Mr. KAPLAN. Yes, sir; this is for February of 1958.

Mr. KENNEDY. Just 1 month?

Mr. KAPLAN. That is the only month we were able to intercept the checks.

The CHAIRMAN. Those checks may be made exhibit No. 59.

(Checks referred to were marked "Exhibit No. 59" for reference and may be found in the files of the select committee.)

The CHAIRMAN. They will be filed according to their dates.

Mr. KAPLAN. From the amounts, it appears that some of them cover expenses and some of them are for salary, so that it just indicates it was a regular kind of business operation shakedown, with hoodlums on the payroll.

The CHAIRMAN. Now, Mr. McShane, you may proceed.

Mr. KENNEDY. Were we able to determine where they obtained some of the acid they threw in the machine?

TESTIMONY OF JAMES J. P. McSHANE—Resumed

Mr. McSHANE. We were able to determine, yes, that it was bought at the Unity Rexall Drugstore, on 31st Street and Wentworth Avenue, in Chicago. One of the three owners of the drugstore is a Morris Rosengard, who at the moment is out on bail and he has been arrested for the possession and selling of narcotics.

Mr. KENNEDY. Was Morris Rosengard one of the owners of the Rexall Unity Co.?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Further, we were able to determine from an examination of their records that they had been purchasing sulfuric acid, did we not?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Mr. Chairman, we have those records showing the purchase of sulfuric acid by the drugstore during this period of time.

The CHAIRMAN. Did you procure these invoices, Mr. McShane?

Mr. McSHANE. Yes, sir; I did.

The CHAIRMAN. Do you identify them? They may be made exhibit No. 60 in bulk.

(Documents referred to were marked exhibit No. 60 for reference and may be found in the files of the select committee.)

Mr. KENNEDY. Now, do you have some of the places that they threw acid on?

Mr. McSHANE. Yes, sir, but before that, Mr. Kennedy, I would like to bring out that they would buy these bottles of acid there, which

cost them \$1.50 each for each bottle, and among some of the places that we were able to establish where acid was used for the purpose of destroying these machines was 302 West North Avenue Tavern.

The CHAIRMAN. Do you have a list of them?

Mr. McSHANE. I have a partial list of them, sir.

Mr. KENNEDY. Just a few.

The CHAIRMAN. How many do you have on that list?

Mr. McSHANE. I have five.

The CHAIRMAN. That list may be printed in the record at this point, if you verify it and state it is correct.

Mr. McSHANE. All right.

(The list referred to follows:)

302 West North Avenue, bowling game (acid) tavern

835 Sudfrick Street, jukebox (acid) tavern

1349 Sudfrick Street, jukebox (acid)—with Ross and Masteri—tavern

119th and Roseland, tavern

115th and Roseland, tavern

Mr. KENNEDY. The acid was thrown in these various locations on bowling games?

Mr. McSHANE. Bowling games and jukeboxes. There was one place in Des Plaines, Ill., where we were able to ascertain that Ross and Rini were sent there for the purpose of destroying the jukebox. Ross went in and engaged the owner in conversation and Rini threw the acid on the box, but he poured too much, so that it trickled down to the wire, to the plug, causing a short circuit.

Now, in the back of the tavern was a bookmaker, and that was the reason that this door was electrically controlled, and when the place was short circuited nobody could open up the door to get out. It created quite a scene.

Mr. KENNEDY. The lights went out?

Mr. McSHANE. The lights went out and everything went out but the customers.

Incidentally, Mr. Counsel, at the moment Mr. Rini is serving a sentence of 10 to 14 years in Joliet for, among other things, damaging and destroying these jukeboxes, and his neighbor there is Mr. Ross, who is also serving a term of 2 to 4 years in Joliet.

Mr. KENNEDY. It was also for possession of burglary tools?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Is that right?

Mr. McSHANE. Yes, sir; it was.

Mr. KENNEDY. Now, on September 7, 1958, Mr. Rini was stabbed: was he?

Mr. McSHANE. He was stabbed in Chicago, and he was confined to the hospital for a period of about 5 days.

Mr. KENNEDY. In September of 1958?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. We know who was responsible for that.

The CHAIRMAN. I thought he was serving a sentence now.

Mr. McSHANE. He is now, but this happened last September. He was out on bail at the time.

The CHAIRMAN. That was before he got in?

Mr. McSHANE. Yes, sir.

Mr. KENNEDY. Do we know who was responsible for this?

Mr. McSHANE. No, sir; we don't.

Mr. KENNEDY. Sometimes when they go around and break up these machines or throw acid on them, they would also throw acid on machines that already had stickers; did they not?

Mr. McSHANE. Yes; that would be just purely a mistake.

Mr. KENNEDY. They were just in there in their enthusiasm to throw acid on machines.

Mr. McSHANE. Possibly they were overzealous.

Mr. KENNEDY. And then also in some cases it was where the operator, even though he belonged to the association, was outspoken in his opposition to it?

Mr. McSHANE. That is correct.

Mr. KENNEDY. They would receive their money from either Larner, Sam Greenberg, who was president of the association, or Waterfall, who was general manager of the association, or Vogel, who was one of the biggest operators of these various kinds of machines?

Mr. McSHANE. Yes, sir.

Senator MUNDT. Let me ask you, since these people were sent to Joliet because of their being involved in this acid-throwing business, and since it has been established that they were working under the employment of Mr. Vogel, was Mr. Vogel also arrested and tried or convicted?

Mr. McSHANE. No, sir; he was not.

Senator MUNDT. How come, if they were acting as his agents?

Mr. McSHANE. Apparently there is not enough evidence at the moment, legal evidence at the moment, to bring him into the picture.

Senator MUNDT. You told us in connection with Mr. Ross, and you have his checks, and there isn't any question that it went from Vogel to Ross and he endorsed the check. How did you establish the fact that the other two hoodlums were employed by Mr. Vogel?

Mr. McSHANE. From a confidential source, sir.

Senator MUNDT. Are you sure of the source?

Mr. McSHANE. Positive; yes.

Mr. Kennedy, it is interesting to note on February 13, 1958, when Mr. Ross was arrested, he had in his possession a car with Hyman Larner's name on it, and he was also arrested on July 22, 1958, and at that time he had the telephone number of Sam Greenberg, who was the president of the Chicago Independent Amusement Association.

He had that card in his possession. Mr. Ross was questioned by me and Mr. O'Brien in Joliet Prison, and he admitted at that time that he knew Hyman Larner.

The CHAIRMAN. Knew who?

Mr. McSHANE. Hyman Larner, also known as Thomas Waterfall. He said he knew him under both names.

The CHAIRMAN. Larner?

Mr. McSHANE. He is also known as Thomas Waterfall.

The CHAIRMAN. He knew him under both names?

Mr. McSHANE. Yes, sir.

The CHAIRMAN. I understand you finally found Waterfall.

Mr. McSHANE. Yes, sir; we did.

The CHAIRMAN. He is under subpoena?

Mr. McSHANE. He is under subpoena and will appear before the committee.

Mr. KENNEDY. We have here a classification report from the State of Illinois, Department of Safety. This is an interview, Mr. Chairman, with Mr. Ross, in which, in an overall explanation of his behavior, he states quite frankly—

After I was paroled, I worked for about 3 or 4 years but wasn't getting any-where. I guess my past record of con games looked too easy and I fell back into the old pattern. The only thing is I wish I hadn't teamed up with Rini because there is an outside chance I could have straightened things out if he hadn't kept on sticking up churches and breaking into homes.

So these are the two individuals who were the leaders in the activity of terror that they were perpetrating on the tavern owners during this period of time.

The CHAIRMAN. They were working for this Chicago Independent Amusement Association that was using the union for its own agency?

Mr. KENNEDY. That is right.

Mr. McSHANE. Incidentally, Mr. Ross and Mr. Rini have an extensive reputation in Chicago as being what is known as outstanding con men.

The CHAIRMAN. What about this holding up churches? Do you know what he is referring to there?

Mr. KENNEDY. No.

The CHAIRMAN. Stealing some of the ornaments or something?

Mr. McSHANE. I have no idea, sir.

Mr. KENNEDY. We can ask him. He is going to testify.

The CHAIRMAN. We will ask him. Proceed.

Mr. KENNEDY. Now, I would like to call some individuals who actually experienced some of these things.

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Herman Klebba.

The CHAIRMAN. Be sworn, please.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KLEBBA. I do.

TESTIMONY OF HERMAN J. KLEBBA

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. KLEBBA. My name is Herman J. Klebba, K-l-e-b-b-a, 1115 West 31st Street, Chicago, Ill.

The CHAIRMAN. What is your business, Mr. Klebba?

Mr. KLEBBA. I am in the jukebox and game business.

The CHAIRMAN. Jukebox and game business?

Mr. KLEBBA. Bowling games; yes.

The CHAIRMAN. How long have you been in that business?

Mr. KLEBBA. In the jukebox business about 20 years, or 22.

The CHAIRMAN. What do you do—sell them?

Mr. KLEBBA. No. We operate them.

The CHAIRMAN. You operate them?

Mr. KLEBBA. That is right.

The CHAIRMAN. Do you waive counsel, Mr. Klebba? Do you waive a lawyer?

Mr. KLEBBA. Have I a lawyer?

THE CHAIRMAN. Do you waive counsel?

MR. KLEBBA. I have no lawyer.

MR. KENNEDY. Do you want a lawyer?

MR. KLEBBA. No. I don't need no lawyer.

THE CHAIRMAN. All right. Thank you.

PROCEED.

MR. KENNEDY. Mr. Klebba, you have about 30 jukeboxes and 125 games; is that right?

MR. KLEBBA. That is right.

MR. KENNEDY. What kind of games are they?

MR. KLEBBA. Bowling games. Amusement games they call them. That is all they can operate in Chicago.

MR. KENNEDY. Just amusement?

MR. KLEBBA. That is right.

MR. KENNEDY. In the jukebox phase of it, you have been a member of the association and a member of the union for some time, local 134?

MR. KLEBBA. That is right.

MR. KENNEDY. We are now going to talk about the games specifically.

MR. KLEBBA. Yes, sir.

MR. KENNEDY. Did Jukebox Smitty ever speak to you about having your employees belong to the union, as far as the games were concerned?

MR. KLEBBA. Well, a few times.

MR. KENNEDY. What did you tell him?

MR. KLEBBA. I told him that is up to the men. If they want to join the union, let them join the union.

MR. KENNEDY. Did you belong?

MR. KLEBBA. I belonged to it; yes.

MR. KENNEDY. Do any of your employees belong?

MR. KLEBBA. No.

MR. KENNEDY. Just you?

MR. KLEBBA. Yes.

MR. KENNEDY. You are the operator?

MR. KLEBBA. Yes, sir.

MR. KENNEDY. Why did you join and your employees not join the union?

MR. KLEBBA. Well, it seemed I had been forced to.

THE CHAIRMAN. You what?

MR. KLEBBA. I was forced to it.

THE CHAIRMAN. Forced to?

MR. KLEBBA. To join.

MR. KENNEDY. How were you forced to join?

MR. KLEBBA. I was just told to join, and if I didn't join, "You know what is good for you."

MR. KENNEDY. What do you think would have happened if you didn't join?

MR. KLEBBA. Well, I don't know. You know.

MR. KENNEDY. What sort of things could happen to you?

MR. KLEBBA. Well, I don't know. Something. Just make it rough for me; that is all.

MR. KENNEDY. You felt you better join?

MR. KLEBBA. That is right.

Mr. KENNEDY. Your employees didn't join, but you did?

Mr. KLEBBA. That is right.

Mr. KENNEDY. You have a union card?

Mr. KLEBBA. That is right.

Mr. KENNEDY. Did Mr. Greenberg, the president of the CIAA, speak to the membership about belonging to the union, about joining up with the union?

Mr. KLEBBA. Well, he called a meeting, you see. Then he asked all the members if they want to join a union, and the majority wanted a union. I was against the union.

Mr. KENNEDY. What happened then? Did you say you didn't want to join a union?

Mr. KLEBBA. That is right.

Mr. KENNEDY. And they decided to join a union?

Mr. KLEBBA. That is right.

Mr. KENNEDY. What was the union going to do?

Mr. KLEBBA. Well, it was 134, and it would be better for the organization.

Mr. KENNEDY. How would it be better for the organization?

Mr. KLEBBA. Well, if you join the union, you go out and get 60-40.

Mr. KENNEDY. What do you mean?

Mr. KLEBBA. The operator gets 60, and the tavernkeeper gets 40.

Mr. KENNEDY. What was the rate at the time?

Mr. KLEBBA. Fifty-fifty.

Mr. KENNEDY. So you were paying 50-50, and he said if you joined up with the union you could increase your take to 60-40?

Mr. KLEBBA. That is right.

Mr. KENNEDY. Was there any conversation about protection of locations?

Mr. KLEBBA. You would not jump one another. That was a purpose, too.

Mr. KENNEDY. Was the union to help you with that?

Mr. KLEBBA. They were going to help, but I don't think they would. All they were interested in was money.

Mr. KENNEDY. Did Mr. Greenberg tell you they would be able to help you?

Mr. KLEBBA. It wasn't Greenberg. It would be Waterfall.

Mr. KENNEDY. That they would help you?

Mr. KLEBBA. He should help me, because they were collecting \$1 per machine. But they wouldn't do it.

Mr. KENNEDY. Did they say it would put "teeth" in the organization if you would belong to the union?

Mr. KLEBBA. Naturally, they would tell you that to collect the \$1.

Mr. KENNEDY. I know it is natural, but I want to find out what they told you.

Mr. KLEBBA. Okay.

Mr. KENNEDY. Did they tell you that; did they tell you anything along those lines?

Mr. KLEBBA. That is right. They told me.

Mr. KENNEDY. What did they tell you?

Mr. KLEBBA. They told me to join the union so it would make it better for the organization.

Mr. KENNEDY. How was it going to make it better for the organization?

Mr. KLEBBA. To get that 60-40.

Mr. KENNEDY. All right. Then after this meeting did you pay your union dues, or did you pay your dues?

Mr. KLEBBA. No, I didn't pay it all. I just paid a part of it.

Mr. KENNEDY. For how many machines?

Mr. KLEBBA. I paid \$30. That is all.

Mr. KENNEDY. You had 125 machines, but you only paid on 30 of them?

Mr. KLEBBA. Just 30 of them; that is all.

Mr. KENNEDY. Did you make a number of public protestations against the association and the union?

Mr. KLEBBA. Well, I was against that. I didn't care to pay nothing to them.

Mr. KENNEDY. Did you tell people that?

Mr. KLEBBA. Yes, I told them.

Mr. KENNEDY. Did you have some damage to your machines?

Mr. KLEBBA. Yes.

Mr. KENNEDY. What happened?

Mr. KLEBBA. Well, they would come out to a location, two men would come in there, cut up all the wires in the back, and they gave me a lot of expense on it. That is all.

Mr. KENNEDY. How many machines?

Mr. KLEBBA. They cut in about eight so far as I know.

Mr. KENNEDY. About eight of your machines?

Mr. KLEBBA. That is right.

Mr. KENNEDY. Did you ever find out who was responsible?

Mr. KLEBBA. No, I never found out.

Mr. KENNEDY. Did you have any trouble prior to this time?

Mr. KLEBBA. No. Now everything is quiet.

Mr. KENNEDY. Did you associate the difficulties that you had with the opposition that you had to the union and to the association?

Mr. KLEBBA. No.

Mr. KENNEDY. Did you associate the difficulties that you had with your opposition to the union and the association?

Mr. KLEBBA. No.

Mr. KENNEDY. What do you think the difficulties arose from?

Mr. KLEBBA. Well, it is quieted down now.

Mr. KENNEDY. What?

Mr. KLEBBA. It is just quiet.

The CHAIRMAN. Get that mike up a little closer to you, would you? I can hardly hear you.

Mr. KENNEDY. What I am asking you is: What do you think and who do you think—I will start it over again.

What do you believe was responsible for the violence that occurred?

Mr. KLEBBA. Do you mean the violence when they were cutting in on the machines?

Mr. KENNEDY. Yes.

Mr. KLEBBA. Well, I think they wanted to collect more money, you see. That is the reason.

Mr. KENNEDY. Who wanted to collect more money?

Mr. KLEBBA. The organization, the union, whatever you call it; the association.

Mr. KENNEDY. Was it because of your opposition to the association and your opposition to the union?

Mr. KLEBBA. That is right.

Mr. KENNEDY. You hadn't had this trouble before that?

Mr. KLEBBA. No; never.

Mr. KENNEDY. You think it was the pressure that was being placed on you by Waterfall and the others to get you to belong to the association and to be paying your dues properly?

Mr. KLEBBA. That is right.

The CHAIRMAN. Did they find out you had only paid on 30 machines and you had about 125?

Mr. KLEBBA. Well, they know.

The CHAIRMAN. They knew that?

Mr. KLEBBA. Yes.

The CHAIRMAN. Did they make any demand on you to pay on the others before they went to breaking up your machines?

Mr. KLEBBA. No, they didn't.

The CHAIRMAN. After they broke up a few of them, what did you do?

Mr. KLEBBA. Well, I went to the office and told them that they are breaking in the machines, and they told me I have enemies. That is all they told me.

The CHAIRMAN. Said what?

Mr. KLEBBA. I had enemies.

The CHAIRMAN. You had enemies?

Mr. KLEBBA. Yes.

The CHAIRMAN. That wasn't news to you, was it?

Mr. KLEBBA. No.

The CHAIRMAN. You already knew that.

Senator MUNDT. Who told you that? The police?

Mr. KLEBBA. No; not the police. Waterfall.

Senator MUNDT. You complained to Waterfall about the machines being broken up?

Mr. KLEBBA. That is right.

Senator MUNDT. He told you you had enemies?

Mr. KLEBBA. That is right.

Senator MUNDT. Did he indicate he was one of the enemies?

Mr. KLEBBA. That is right.

The CHAIRMAN. Did you make peace with him?

Mr. KLEBBA. No. Never after that. Now it is peace.

The CHAIRMAN. Since he is gone?

Mr. KLEBBA. I mean, it is all quieted down. It is peace.

The CHAIRMAN. It is what?

Mr. KLEBBA. It is all peace now. Nothing is happening.

The CHAIRMAN. It is all peace now; nothing is happening?

Mr. KLEBBA. No.

The CHAIRMAN. When did peace come about?

Mr. KLEBBA. At the time when they broke the organization up.

The CHAIRMAN. How long ago was that?

Mr. KLEBBA. That is about a year ago.

Senator MUNDT. How many employees do you have?

Mr. KLEBBA. Two.

Senator MUNDT. They service these machines, do they?

Mr. KLEBBA. That is right.

Senator MUNDT. Collect the money?

Mr. KLEBBA. That is right.

Senator MUNDT. And divide it up with the tavern keeper?

Mr. KLEBBA. That is right.

Senator MUNDT. They do not belong to the union?

Mr. KLEBBA. That is right.

The CHAIRMAN. They are the people who do the work and yet they don't belong to the union?

Mr. KLEBBA. That is right.

The CHAIRMAN. You employ them and you belong to the union?

Mr. KLEBBA. That is right.

The CHAIRMAN. And if you didn't belong to the union, you would get some more damage, I expect?

Mr. KLEBBA. That is right.

The CHAIRMAN. Are there any other questions?

Mr. KENNEDY. That is all.

The CHAIRMAN. If there are no other questions, thank you very much.

Call the next witness.

Mr. KENNEDY. Vilius Neimantus.

Mr. Chairman, I think we will probably need an interpreter, so we might as well call the next witness, Leo Romaszkievicz.

The CHAIRMAN. Each of you will be sworn.

Do you, and each of you, solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. ROMASZKIEWICZ. I do.

Mr. NEIMANTUS. I do.

TESTIMONY OF VILIUS NEIMANTUS, THROUGH AN INTERPRETER, LEO ROMASZKIEWICZ

The CHAIRMAN. Beginning on my left, you in the brown suit, state your name, your place of residence, and your business or occupation, please.

Mr. NEIMANTUS. My name is Vilius Neimantus.

Mr. KENNEDY. Are you going to try to be an interpreter for him?

Mr. ROMASZKIEWICZ. Yes, sir; I am going to try to.

The CHAIRMAN. You are under oath to make a correct interpretation of his replies. Do you understand that?

Mr. ROMASZKIEWICZ. Yes, sir.

The CHAIRMAN. Now you may repeat what you said, please.

Mr. NEIMANTUS. My name is Vilius Neimantus.

The CHAIRMAN. What is your business or occupation?

Mr. NEIMANTUS. I live at 3337 South Lithuanica Avenue, Chicago, Ill. I am a tavern keeper.

The CHAIRMAN. Tavern owner?

Mr. NEIMANTUS. Tavern owner.

The CHAIRMAN. Do you waive counsel?

Mr. NEIMANTUS. Yes.

The CHAIRMAN. All right, Mr. Kennedy, proceed.

Mr. KENNEDY. Would you pronounce your name for me?

Mr. ROMASZKIEWICZ. Leo Romaszkievicz.

Mr. KENNEDY. Could you tell me what your occupation is?

Mr. ROMASZKIEWICZ. I am a game-machine operator.

Mr. KENNEDY. And the language that you are speaking and will be speaking is Polish?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. You are of Lithuanian extraction?

Mr. NIEMANTUS. I am.

Mr. KENNEDY. And you will be interpreting in Polish; is that right?

Mr. ROMASZKIEWICZ. Yes, sir.

Mr. KENNEDY. Mr. Neimantus, you had a tavern where there was located two game machines?

Mr. NIEMANTUS. I had two machines in my tavern.

Mr. KENNEDY. And they were located there in January of 1958, or thereabouts?

Mr. NIEMANTUS. I had them there in January of 1958.

Mr. KENNEDY. I would like to ask if there was any damage to those machines?

Mr. NIEMANTUS. First, three men——

Mr. KENNEDY. The answer to the question is yes?

Mr. NIEMANTUS. Yes.

Mr. KENNEDY. Now, would you relate what happened in the first incident?

Mr. NIEMANTUS. Three men came into my place and two stayed by the bar. One went to the washroom, and the one when he come out of the washroom he threw acid on the pool table.

Mr. KENNEDY. Where were you at the time?

Mr. NIEMANTUS. I was in the tavern.

Mr. KENNEDY. What were you doing when they threw acid?

Mr. NIEMANTUS. I was behind the bar.

Mr. KENNEDY. What did you do?

Mr. NIEMANTUS. My partner took a towel and went over to mop up the acid.

Mr. KENNEDY. What happened?

Mr. NIEMANTUS. His pants were all burnt and the towel disintegrated.

Mr. KENNEDY. This is your partner's towel? The partner went over?

Mr. NIEMANTUS. The partner went to wipe the acid up; yes.

Mr. KENNEDY. And the towel disintegrated, and his pants?

Mr. NIEMANTUS. His pants were burnt.

Mr. KENNEDY. Were you able to recognize any of these three men?

Mr. NIEMANTUS. I wouldn't be able to identify those three, any of those three.

Mr. KENNEDY. Did the man in the washroom, when he came out, bring a little bottle of acid with him?

Mr. NIEMANTUS. I didn't see the acid, but when he came out he took something out of his pocket and threw it on the machine.

Mr. KENNEDY. Subsequently did you call the police?

Mr. NIEMANTUS. No, I didn't call, but my partner did.

Mr. KENNEDY. By the time the police arrived, the men had left?

Mr. NIEMANTUS. When the police arrived they weren't there.

Mr. KENNEDY. What did you do then? Did you call the owner of the machine to have him remove the machine?

Mr. NEIMANTUS. I called the owner of the machine to come and get it.

Mr. KENNEDY. Who was the owner of that machine?

Mr. NEIMANTUS. The name was Clothier.

Mr. KENNEDY. You called him about getting the machine out?

Mr. NEIMANTUS. Yes, I called him, sir.

Mr. KENNEDY. Would he come and take the machine?

Mr. NEIMANTUS. He didn't come immediately. He came about 2 weeks later.

Mr. KENNEDY. We will get into that, but did you then take the machine out as long as this man didn't come, and put it in the basement?

Mr. NEIMANTUS. We were decorating the tavern at the time, and I didn't have any room to keep that machine, so we took it down in the basement in the meantime.

Mr. KENNEDY. That is the first incident. Did some men come back again the second time?

Mr. NEIMANTUS. Nobody come later on.

Mr. KENNEDY. Did some damage happen to your second machine?

Mr. NEIMANTUS. Yes; there was a second machine that was damaged.

Mr. KENNEDY. What kind of machine was that?

Mr. NEIMANTUS. That was a bowling machine.

Mr. KENNEDY. What was the first machine?

Mr. NEIMANTUS. The first machine was a pool table. The second machine was a bowling alley.

Mr. KENNEDY. What happened as far as the second machine is concerned?

Mr. NEIMANTUS. There was one man that came in and sat at the bar for about 3 hours. There were some people in the tavern during that period of 3 hours, and then when they went out of the tavern then he got up from the bar, and when he got up he took and opened up his coat and took out a hatchet and went over to the machine. Then he started to chop up the machine.

Then I immediately went over to him and pleaded with him to stop it, don't be making trouble and don't be chopping up the machine. Then the man that was chopping up the machine turned around and pushed me, and in the meantime my partner ran out of the tavern to the other corner and called for the police, and, after I was pushed, this other fellow ran out himself.

Mr. KENNEDY. This was the machine that belonged to Mr. Klebba?

Mr. NEIMANTUS. Yes; that one belonged to Mr. Klebba.

Mr. KENNEDY. Did he tell you why he was wrecking the machine?

Mr. NEIMANTUS. No; he did not say anything.

Mr. KENNEDY. He just pushed him away?

Mr. NEIMANTUS. He just pushed me on the side and ran out the door himself.

Mr. KENNEDY. There was a third incident, was there not?

Mr. NEIMANTUS. There was a third machine, but Clothier come back and wanted to put in a machine.

Mr. KENNEDY. Mr. Chairman, this is not directly involved in what we are looking into this afternoon, but it was an aftermath as to what happened to this witness. I think in fairness to him, and for the

completion of the record, we should have what happened to him after this, because it is rather a sad tale.

Go ahead.

Mr. NEIMANTUS. Mr. Clothier did come back and wanted to put in a machine.

Mr. KENNEDY. Did he have some men with him?

Mr. NEIMANTUS. Yes, he did. First two colored folks walked in. Then they picked up the telephone, one of them picked up the telephone, called on the phone, and then come in Mr. Clothier. Then on the arrival of Mr. Clothier, he ordered those two to bring in a machine. When I saw this machine coming in, I would not allow them to bring it in. I wouldn't allow them to bring it in. I told them I didn't want the machine.

Mr. KENNEDY. You didn't want any more trouble?

Mr. NEIMANTUS. Yes; I told them that I didn't want any more trouble.

Mr. KENNEDY. What happened then?

Mr. NEIMANTUS. He started to push me around and then he pulled out a revolver and threatened to kill me.

Mr. KENNEDY. Clothier, who had come in?

Mr. NEIMANTUS. This is Clothier I am speaking of. He pushed me and pulled a revolver out and threatened to kill me.

Mr. KENNEDY. Did he push you down?

Mr. NEIMANTUS. Yes; I was pushed, and I was pushed so hard against the machine that I fell and two ribs were broken.

Mr. KENNEDY. Did they ever install the machine in there?

Mr. NEIMANTUS. No. I did not allow them to put any machine in.

Mr. KENNEDY. Did Mr. Clothier then sue you?

Mr. NEIMANTUS. Yes. Clothier is now suing me for \$10,000.

Mr. KENNEDY. The case, from our examination of the records, would appear to have been dismissed by the judge as no cause of action.

What were you being sued for? Do you know that?

Mr. NEIMANTUS. I do not know.

Mr. KENNEDY. In order to defend yourself, you have had to pay an attorney \$500?

Mr. NEIMANTUS. Yes; I had to hire an attorney and it has cost me \$500 to date.

Mr. KENNEDY. This is to defend you against this man who came into your tavern, who wanted to install his machine after you had had the first difficulty, when you had the acid thrown on the machine and you placed it in the basement. This man came back in 2 weeks and wanted to put a new machine in there.

You refused to let them put the machine in, and the man pushed you against the jukebox, broke two of your ribs, pulled a gun on you, told you he was going to kill you, and then sued you for \$10,000, and you have spent \$500 defending yourself?

Mr. NEIMANTUS. That is right.

Mr. KENNEDY. That has happened in a period of 2 or 3 weeks?

Mr. NEIMANTUS. That is right.

Mr. KENNEDY. Mr. Chairman, that is the situation as far as this witness is concerned.

Senator MUNDT. Let me ask the English-speaking interpreter. Do you know Mr. Clothier?

Mr. ROMASZKIEWICZ. I might have seen him. I don't know him personally.

Senator MUNDT. Is he in the machine operating business?

Mr. ROMASZKIEWICZ. Yes, he is in the operating business.

Senator MUNDT. How would you explain the curious situation of a man whose machine gets acid thrown on it wanting to put another machine back in the same place, even at gun point?

Mr. ROMASZKIEWICZ. I can't explain anything like that, Senator.

Senator MUNDT. It is kind of a curious sequence, when a man has a piece of property destroyed and he comes back in and says, "I want to put another piece of property there." I thought maybe being in the same business you might be able to shed some light on who this Clothier was, and what makes his mind revolve in such a manner.

Mr. ROMASZKIEWICZ. No, sir; I am not that closely attached to him. I don't know anything about Clothier, other than seeing him, or possibly at a distributor or something like that.

Senator MUNDT. He is what you call a coin-machine operator?

Mr. ROMASZKIEWICZ. He is a coin-machine operator; yes.

Senator MUNDT. Does he belong to the same association you belong to?

Mr. ROMASZKIEWICZ. I wouldn't know that, Senator.

Senator MUNDT. You don't know?

Mr. ROMASZKIEWICZ. I wouldn't know that.

Senator MUNDT. You said you had seen him perhaps at some meeting.

Mr. ROMASZKIEWICZ. No; I said I had seen him at possibly some distributorship, some distributor, or something like that.

Senator MUNDT. A convention or something of that type?

Mr. ROMASZKIEWICZ. No. This is where you go to barter, to trade and buy a machine.

Mr. KENNEDY. Mr. Chairman, I think some notice should be taken that here is a poor man who can speak very little English, who came over from Lithuania, became an American citizen and established himself.

This kind of thing has happened to him in a major city. He has not been able to defend himself. There is the spending of \$500 that he could ill afford ultimately to defend himself in a lawsuit in connection with violence which has been perpetrated on his person and on property in his tavern, which is his sole means of income.

The CHAIRMAN. How long have you been over here?

Mr. NEIMANTUS. I have been here since 1949.

The CHAIRMAN. Have you become an American citizen?

Mr. NEIMANTUS. I have applied for my papers.

The CHAIRMAN. You have applied?

Mr. NEIMANTUS. Yes, sir.

The CHAIRMAN. Did you belong to this association or any association?

Mr. KENNEDY. He is a tavern owner, Mr. Chairman.

Mr. NEIMANTUS. I don't even know what that association means.

The CHAIRMAN. Did you belong to a union? Did you pay any dues to a union?

Mr. NEIMANTUS. No; I don't belong to any union.

The CHAIRMAN. In other words, you did not belong to either the association or the union?

Mr. NEIMANTUS. No.

The CHAIRMAN. You just had somebody else's box in there that they were unhappy about, the box operating there, and they came in and destroyed it; is that correct?

Mr. NEIMANTUS. That is all. I just had the operator's machines in there, and nothing else.

The CHAIRMAN. You just got a commission or a percentage out of the take, I suppose, for permitting the machines to be in your tavern?

Mr. NEIMANTUS. On the jukebox they charge me \$4 for records.

The CHAIRMAN. They charged you what?

Mr. NEIMANTUS. \$4 for records.

The CHAIRMAN. For rent?

Mr. NEIMANTUS. For records, for the use of the records.

The CHAIRMAN. For the use of the records?

Mr. NEIMANTUS. Yes, sir.

The CHAIRMAN. In other words, for the replacement of the records each week or month, whatever it was, you would pay \$4?

Mr. NEIMANTUS. That is it.

The CHAIRMAN. But you did not belong to any union?

Mr. NEIMANTUS. No. I testify that I didn't belong to any union.

The CHAIRMAN. And you did not belong to any association?

Mr. NEIMANTUS. No.

The CHAIRMAN. So you are just a victim of a disagreement or an issue between some association, some labor organization, a combination of the two, and the fellow who owned the machine, who was renting the machine; is that correct?

Mr. NEIMANTUS. That is the answer on that.

The CHAIRMAN. In other words, you had never been solicited to join the union or join the association?

Mr. NEIMANTUS. Nobody ever approached me to join any union or association.

The CHAIRMAN. All they did was go in there to destroy the property.

Mr. NEIMANTUS. That is right.

Senator MUNDT. Would you find out how he happened to get the pool table from Mr. Clothier in the first place, Mr. Chairman?

Mr. NEIMANTUS. I didn't have any machine in the first place and Clothier showed up, and then Clothier brought in a machine and that was the pool table.

Senator MUNDT. Did he force it on you the first time?

Mr. NEIMANTUS. No. He asked if he could put the pool table in, seeing I didn't have any machine in there.

The CHAIRMAN. If there are no other questions, thank you very much.

Call the next witness.

Mr. KENNEDY. I might say, Mr. Chairman, I asked the witness yesterday if he would like to return to Lithuania in view of what happened to him, and he said he would still like to remain here.

The CHAIRMAN. Maybe you will be treated better here. I hope so. Are there any further questions of this witness?

Mr. ROMASZKIEWICZ. Must I be sworn again?

The CHAIRMAN. No; I swore you to tell the truth already. That is enough.

TESTIMONY OF LEO ROMASZKIEWICZ

Mr. KENNEDY. You and your brother-in-law own the L & S Amusement Co., and have some 40 game machines?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. Do you live in Chicago at the present time?

Mr. ROMASZKIEWICZ. Yes, sir.

Mr. KENNEDY. In 1953 you were operating some bowling games in Gary and Indian Harbor, Ind.?

Mr. ROMASZKIEWICZ. Yes, sir.

Mr. KENNEDY. At that time you were told to go see John Kesto, of local 1 in Gary?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. At that time, Kesto told you your machines would be protected from other operators, nonunion operators, if you belonged to the union?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. Did you join up with local No. 1?

Mr. ROMASZKIEWICZ. Yes; I joined.

Mr. KENNEDY. And you were furnished with union stickers; is that right?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. It was local 1, independent?

Mr. ROMASZKIEWICZ. It was an independent organization; yes, sir.

Mr. KENNEDY. We will be going into that at a later time.

Senator MUNDT. What did it cost you to become a member of local 1?

Mr. ROMASZKIEWICZ. No, I wasn't forced to become a member of local 1.

Senator MUNDT. What did it cost you?

Mr. ROMASZKIEWICZ. I had about 12 machines, I think, there, and it cost me \$36 for a quarter.

Senator MUNDT. \$3 a quarter for a machine?

Mr. ROMASZKIEWICZ. That is right.

Senator MUNDT. Did you have to pay an initiation fee?

Mr. ROMASZKIEWICZ. No.

Senator MUNDT. Just \$3 per quarter per machine?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. Then you belonged to the union, too; is that right? You became a member?

Mr. ROMASZKIEWICZ. I became a member then; yes.

Mr. KENNEDY. How much did the stickers cost you on each machine?

Mr. ROMASZKIEWICZ. \$1 per machine.

The CHAIRMAN. Per month?

Mr. ROMASZKIEWICZ. That was for a quarter, for 3 months. In other words, I paid them \$36 for 3 months. That would have been 12 machines.

Mr. KENNEDY. Then did you pay union dues each quarter?

Mr. ROMASZKIEWICZ. I got out of there.

Mr. KENNEDY. During 1953-54, did you pay union dues?

Mr. ROMASZKIEWICZ. No. I was out of there. Shortly after that I went out.

Mr. KENNEDY. You mean initially you paid union dues also?

Mr. ROMASZKIEWICZ. Yes.

The CHAIRMAN. Was that in addition to the \$36.

Mr. ROMASZKIEWICZ. No. That is the \$36 for the machines.

The CHAIRMAN. This is to an association that you paid the \$36, was it not?

Mr. KENNEDY. To the union. There was no association. This is local 1.

The CHAIRMAN. You paid your \$36 for 12 machines, paid \$36 a quarter to operate 12 machines?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. And nothing above that?

Mr. ROMASZKIEWICZ. No.

Mr. KENNEDY. Then you withdrew from that in 1954?

Mr. ROMASZKIEWICZ. Yes.

Mr. KENNEDY. In early 1955 you were asked by a friend, a tavern owner, to get him a jukebox; is that right?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. So you went to the Atlas Music Box Co. at 2122 North Western Avenue, Chicago?

Mr. ROMASZKIEWICZ. That is correct.

Mr. KENNEDY. And did you then speak to them there about buying or purchasing a jukebox?

Mr. ROMASZKIEWICZ. When I walked in, there was somebody come out of an office and asked me what I wanted, and I told them I would like to purchase a jukebox, that I would like to see some jukeboxes. I was asked then if I belonged to the association. I told them "What association?" They said, "They have a jukebox association here."

I told them, "Well, I don't belong to a jukebox association."

They said, "Well, you are just in luck that the president of the association is here now and maybe you can talk to him and he will straighten things out with you."

A man came out to me, introduced to me, and his name was Tom Smith.

Mr. KENNEDY. Was he introduced as the head of the association or the union?

Mr. ROMASZKIEWICZ. The jukebox association.

Mr. KENNEDY. This was Mr. Smith?

Mr. ROMASZKIEWICZ. Yes.

Mr. KENNEDY. What did he say?

Mr. ROMASZKIEWICZ. That is what they told me, that his name was Mr. Smith, and he was supposed to be the president of the association.

Mr. KENNEDY. What did he say?

Mr. ROMASZKIEWICZ. He told me, "Well, if you want to get in, it will cost you \$2,000."

I told him, "Well, I don't have that kind of money." I started out, and he said, "Well, we will probably be able to do something else for you." He said, "Can you get \$1,500?"

I just looked at him and kept going.

Mr. KENNEDY. This is Thomas Smith, known as "Jukebox" Smitty, who was in fact head of the union. The response that you got in even purchasing a jukebox was that in order to buy a jukebox you had to pay \$2,000 to Mr. Smith; is that right?

Mr. ROMASZKIEWICZ. That was to get into the union or whatever they called it there.

Mr. KENNEDY. Was it a union or an association? Do you know?

Mr. ROMASZKIEWICZ. I really don't know, Mr. Kennedy, whether it was an association or a union that the jukebox people have.

The CHAIRMAN. With that, you were going to have to pay the \$2,000 and in addition to that buy your box at your own expense?

Mr. ROMASZKIEWICZ. Yes. \$2,000 was to allow me to operate jukeboxes.

The CHAIRMAN. What?

Mr. ROMASZKIEWICZ. That was supposed to allow me to operate jukeboxes.

The CHAIRMAN. The \$2,000 was to allow you to operate jukeboxes?

Mr. ROMASZKIEWICZ. That is right.

The CHAIRMAN. All you know about Smith is that he was introduced to you as Thomas Smith?

Mr. ROMASZKIEWICZ. That is right.

The CHAIRMAN. And it was represented that he was the head of the association?

Mr. ROMASZKIEWICZ. Yes.

The CHAIRMAN. Are you sure now that he was at the head of the association or at the head of the union? Which?

Mr. ROMASZKIEWICZ. I couldn't tell you which.

The CHAIRMAN. I mean, are you positive? Do you know which it was now?

Mr. ROMASZKIEWICZ. No.

The CHAIRMAN. He was the head of something?

Mr. ROMASZKIEWICZ. He was the head of something. That is all I know.

The CHAIRMAN. He was the head of something and wanted \$2,000 out of you.

Mr. ROMASZKIEWICZ. Yes, and later it was reduced to \$1,500, and I wouldn't pay attention, and I left. I left the premises.

The CHAIRMAN. You didn't get your jukebox?

Mr. ROMASZKIEWICZ. No.

Mr. KENNEDY. Did he tell you that he was hard pressed at that time?

Mr. ROMASZKIEWICZ. No, I don't think so.

Mr. KENNEDY. Nothing about that?

Mr. ROMASZKIEWICZ. No.

Mr. KENNEDY. You told him you didn't have that kind of money?

Mr. ROMASZKIEWICZ. I told him I didn't have that kind of money.

Mr. KENNEDY. You ultimately joined the Chicago Independent Amusement Association?

Mr. ROMASZKIEWICZ. Yes.

Mr. KENNEDY. And that is for games; is that right?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. You pay \$1 per machine per month?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. For 40 machines it is \$120 a quarter; is that right?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. You were outspoken against the CIAA?

Mr. ROMASZKIEWICZ. Yes.

Mr. KENNEDY. You were outspoken of its connection with local 134? You were one of those who led the fight?

Mr. ROMASZKIEWICZ. Objected to it from its beginning.

Mr. KENNEDY. Did you have damage to your machines?

Mr. ROMASZKIEWICZ. Yes, sir.

Mr. KENNEDY. How many machines?

Mr. ROMASZKIEWICZ. Three machines.

Mr. KENNEDY. What happened to them?

Mr. ROMASZKIEWICZ. Two had acid thrown on them, and one was cut up with shears or something.

Mr. KENNEDY. That was in December 1957 and January 1958?

Mr. ROMASZKIEWICZ. I believe that was the time.

Mr. KENNEDY. You were paying \$120 per quarter at the time these were cut up?

Mr. ROMASZKIEWICZ. Yes, sir.

The CHAIRMAN. Why did they do it if you were paying? Were you in good standing?

Mr. ROMASZKIEWICZ. Well, that I don't know, Senator. I can't answer that other than maybe it was because I was voicing my opinion too much or something.

The CHAIRMAN. In other words, you were opposing it?

Mr. ROMASZKIEWICZ. Yes.

The CHAIRMAN. You were paying it, belonging to this association, really under protest?

Mr. ROMASZKIEWICZ. Under protest, yes.

The CHAIRMAN. You did not think it was right, but you had to do it, and you were talking about it?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. One of these machines was located in a tavern owned by John Holup?

Mr. ROMASZKIEWICZ. That is right.

Mr. KENNEDY. We have an affidavit from John Holup, Mr. Chairman.

That is all of this witness.

The CHAIRMAN. Are there any questions of this witness?

The affidavit of John Holup may be printed in the record at this point.

(The affidavit is as follows:)

AFFIDAVIT

I, John Holup, legally sworn, depose and say:

(1) I am making this affidavit freely and voluntarily at the request of Arthur G. Kaplan, assistant counsel of the U.S. Senate Select Committee on Improper Activities in the Labor or Management Field. No promises, threats, or inducements have been made to me.

(2) I reside at 9801 South Ewing Avenue, Chicago, Ill.

(3) I am coowner with my wife, May, of a tavern at 9801 South Ewing Avenue, Chicago, Ill. The tavern is known as "John and Mary's."

(4) Sometime in about the end of November or beginning of December 1957 a man entered my tavern and told me that I was not permitted to have on my premises coin machines belonging to two different operators. At this time I had in the tavern a bowling machine belonging to Leo Romaskiewicz. I do not know to whom the pool table belonged that was also on the premises. After some minutes of conversation the man gave me a card on which was stated: "Chicago Independent Amusement Association, 188 W. Randolph Street, Chicago 1, Illinois, Affiliate of I.B.E.W. Local No. 134."

I do not remember what else was on this card, and I turned this card over to the investigator of the Illinois State's attorney. When I received the card I believed it to be a "union card."

(5) About 2 months later this same man entered the tavern in the company of another unidentified man who was much smaller than his companion.

I did not pay detailed attention to what they were doing because I was occupied in making alterations in another part of the tavern. I did observe them walk about the bowling machine several times and call off some numbers to each other. After about 30 minutes they left.

(6) About 3 or 4 hours later and at about the hour of 3 p.m. it was necessary for me to move the bowler to proceed with my alterations. As I attempted to move the machine (with the help of others in the tavern) I noticed an opened medicine bottle about 4 inches long lying underneath the bowling pins on the table. I examined the bottle carefully and I believed I smelled acid. I called Mr. Romaskiewicz immediately, and he advised me to throw water on the machine, which I did.

(7) About a week later investigators for the Illinois State's attorney called upon me, and I described the above events to them. They showed me a picture of the large heavy-set man who had been in the tavern on two occasions and identified him to me as Alex Ross.

I have been advised that this affidavit may be read in an open hearing of this committee.

(Signed) JOHN HOLUP.

Sworn to before me this 23d day of February 1959.

(Signed) WALTER C. DE VAUGHN.

The CHAIRMAN. Thank you very much.

Mr. KENNEDY. I would like to call Mr. Ross and Mr. Rini.

The CHAIRMAN. Mr. Ross and Mr. Rini come forward.

Hold up your right hands.

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. Ross. I do.

Mr. RINI. I do.

TESTIMONY OF JAMES RINI AND ALEX ROSS

THE CHAIRMAN. Adjust the microphones in front of them, please. Beginning on my left, will you state your name?

Mr. RINI. James Rini.

The CHAIRMAN. You, on my right, state your name.

Mr. Ross. Alex Ross.

The CHAIRMAN. I believe you both have residence now—where are they?

Mr. KENNEDY. Joliet.

The CHAIRMAN. In Joliet Prison; is that correct?

Mr. Ross. Yes, sir.

Mr. RINI. Yes, sir.

The CHAIRMAN. Where did you formerly live, Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Well, that is not necessary. You know you lived in Chicago.

Mr. RINI. I refuse to answer.

The CHAIRMAN. Mr. Ross, you wouldn't mind telling where you lived.

Mr. Ross. I am standing on the fifth amendment. I refuse to testify on the ground I might incriminate myself.

The CHAIRMAN. Do you think you might incriminate yourself to say you lived in Chicago?

Mr. Ross. Yes, sir.

The CHAIRMAN. You waive counsel, I assume?

Mr. Ross. Yes, sir.

The CHAIRMAN. Do you, Mr. Rini?

Mr. RINI. No, sir.

The CHAIRMAN. You don't want a lawyer?

Mr. RINI. No, sir.

The CHAIRMAN. Proceed.

Mr. KENNEDY. Mr. Ross, could you tell us how you happened to go to work for Mr. Vogel?

Mr. Ross. I am standing on the fifth amendment and refuse to testify on the ground I might incriminate myself.

Mr. KENNEDY. What sort of work were you doing for them?

Mr. Ross. I stand on the fifth amendment and refuse to testify on the ground I might incriminate myself.

The CHAIRMAN. Are you an experienced witness?

Mr. Ross. I stand on the fifth amendment and I refuse to testify.

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. Mr. Rini, would you tell the committee what you were doing for Mr. Vogel?

Mr. RINI. I refuse to answer on the ground it might incriminate me.

Mr. KENNEDY. Were you hired in order to go around with Mr. Ross to throw acid and break up machines?

Mr. RINI. I refuse to answer on the ground it might incriminate me.

The CHAIRMAN. The Chair directs the clerk of the committee to present to Mr. Ross five photostatic copies of checks that have been made exhibits 59-A, B, C, D, and E.

(Documents handed to the witness Ross.)

The CHAIRMAN. Mr. Ross, examine those photostatic copies of checks before you and state if you identify them.

Mr. Ross. I refuse to answer on the ground I might incriminate myself.

The CHAIRMAN. I said to examine them. Look at them. You see them there in front of you; do you?

Clerk, hold them up in front of his eyes.

Do you see those checks?

Do you smell them, then?

Mr. Ross. I refuse to answer on the ground that I might incriminate myself.

The CHAIRMAN. Let the record show that they were held within 18 inches of his nose and he had his eyes open.

Proceed.

Mr. KENNEDY. What did you receive that money for, Mr. Ross?

Mr. Ross. I refuse to answer on the ground I might incriminate myself.

Mr. KENNEDY. Mr. Rini, according to the testimony that we have had, you received some \$150 a week for the work that you were doing, and you received it from either Greenberg, from Vogel, or from Waterfall. Is that right?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. According to the testimony before the committee, Mr. Rini, you have been arrested 31 times and have 19 convictions. Is that right?

Mr. RINI. I refuse to answer on the ground it might incriminate me.

Mr. KENNEDY. For burglary six times, two for robbery, four for larceny, one for a con game, one for conspiracy, one for tampering

with an auto, one for possession of burglary tools, and three miscellaneous; is that right?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. You have 19 convictions out of 31, which is a little bit high as a percentage compared to some of the others we have had before us here. Can you account for that? Were you just kind of a "Bad Luck Charlie"?

Mr. RINI. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. You are an associate of Vogel, Willie "Potatoes" Daddano and Chuck English?

Mr. RINI. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. Mr. Ross, you have had 22 arrests and eight convictions, one for robbery and one for confidence game and one for counterfeiting money and two for larceny, and two for conspiracy; is that right?

Mr. Ross. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Based on these records, although some of these convictions are since 1958, but based on this background you were hired by this association with the help and assistance and backing of Eddie Vogel, to go around and terrorize these tavern owners?

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. The purpose of it was so they would get their machines from particular operators, including Mr. Vogel; is that right?

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. It was just an organized shakedown and you two were the musclemen for it; is that right?

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. Could you tell us what happened to Mr. Masteri?

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. Were you with him at the time he was hiding in the back seat with Mr. Rini and then got his head blown off?

Mr. RINI. I refuse to answer on the ground the answer may tend to incriminate me.

Mr. KENNEDY. Could you tell us what happened to Mr. Bates after he killed Mr. Masteri, who was going around on these tours with you, and what happened to Mr. Bates? Could you tell us, Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Do you know who shot him?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. When you were arrested, Mr. Rini, you had in your possession a screwdriver and a lock pulier and a nail file. What did you have those for?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Now, in April 1958, Edward Showell was editor of the Edison-Norwood Review, and he began an investigation into pay-off pinball machines in Niles, Ill., and his paper ran some articles on the pinball machines. Shortly afterward three men forced their way

into his office and demanded his home address, and prior to arriving there, however, they were picked up. Two of those men were identified as Mr. Ross and Mr. Rini. Is that correct?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. You were arrested on July 17, 1958?

Mr. RINI. I refuse to answer on the ground it might incriminate me.

Mr. KENNEDY. Mr. Ross, you were arrested in July of 1958?

Mr. Ross. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. You were charged at that time with being drunk and reckless driving.

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. And Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. You got stabbed in September of 1958. Can you tell us who did it?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Now, Mr. Rini, you have a sentence of 10 to 14 years, and Mr. Ross has been sentenced to 2 to 4 years. Do you know why he got less sentence than you did?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Is it true that you were known as "the Green Hornet," Mr. Rini?

Mr. RINI. I refuse to answer on the ground it might incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Do you know Jukebox Smitty?

Mr. Ross. I refuse to answer on the ground I may incriminate myself.

Mr. KENNEDY. Do you belong to a union? Do either of you ever belong to a labor union or a labor organization?

Mr. Ross. I refuse to testify on the ground it may incriminate me.

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. What is the other man's name who worked with Smitty?

Mr. KENNEDY. Mr. Glimco.

The CHAIRMAN. Do either of you know Joey Glimco?

Mr. Ross. I refuse to testify on the ground it may incriminate me.

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Was he one of the labor men that was working with you two in this extortion game? That is what it amounted to, going around and making these folks pay off. Did he work with you?

Mr. Ross. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. I just have a couple of things. I wanted to ask you about this Unity Drug Store. Is that where you purchased the acid, Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Mr. Ross, did you purchase the acid there?

Mr. Ross. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. We understand, Mr. Rini, that you have some scars on your waist, and I guess we can't see those, that you got from a bottle that broke in your pocket, a bottle of acid. Do you have some scars on your body based on some acid that spilled on you?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. This acid you were carrying around and the bottle broke.

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Did it burn?

Proceed.

Mr. KENNEDY. Do you know Rosengard, the druggist?

Mr. ROSS. I refuse to answer on the ground that I may incriminate myself.

Mr. KENNEDY. What about you?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. We also understand, Mr. Rini, that you have a friend up in Des Moines—I am not sure he goes to Des Moines, but he is also active in Chicago—Frank Fratto; is that right?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. He is known as "One Ear" Fratto, and he is Lou Farrell's brother?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. When you were arrested, Mr. Ross, isn't it true that you had the business card of Thomas Waterfall, or Hyman Larner, in your possession?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. When you were arrested on July 22, 1958, in connection with a narcotics matter, you had the telephone number of Sam Greenberg, president of the CIAA, in your pocket?

Mr. ROSS. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Do you know Thomas Waterfall?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. And you were operating, both of you, for this association, for Vogel, and on behalf of Jukebox Smitty, Vogel, and these other individuals, were you not?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. Isn't that correct, Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. Do either of you think that you could possibly be incriminated? Do you think that that is possible?

O.K., proceed.

Mr. KENNEDY. We have this report about the fact that you said, Mr. Ross, according to the report that you made to the State of Illinois in connection with being arrested, that you would have avoided this trouble except that Mr. Rini kept going around getting you into difficulty by sticking up churches and breaking into homes.

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. Why did you tell on Mr. Rini?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. What churches had he stuck up?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

Mr. KENNEDY. Was he a bad influence on you, Mr. Ross?

Mr. ROSS. I refuse to testify on the ground it may incriminate me.

The CHAIRMAN. What do you have to say about it, Mr. Rini?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. I think that you should be given a chance. This fellow has been talking about your robbing churches and I thought you ought to be given a chance to comment on it.

Is there any comment?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. Mr. Rini stated in his report that he does not enlarge upon his statements other than tacitly admit that he was a solicitor for a union which paid him to sell operating stamps to the owners of pinball and bowling machines. That is exactly what you were doing for these operators?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

Mr. KENNEDY. That is all.

Senator MUNDT. I have just one question, and I think you could answer this: You said the records show you were stabbed. Was Mr. Ross the man who stabbed you?

Mr. RINI. I refuse to answer on the ground it may incriminate me.

The CHAIRMAN. The witnesses may stand aside.

The committee will stand in recess until 10:30 tomorrow morning.

Just a minute. The committee will come back to order.

Mr. KENNEDY. I would like to call Mr. Charles English.

The CHAIRMAN. Mr. English, will you come around, please?

TESTIMONY OF CHARLES ENGLISH—Resumed

The CHAIRMAN. Mr. English, the Chair meant this morning when he told you to come back this afternoon to place you under recognizance to reappear before the committee and testify.

The Chair now advises you that you will continue under the same subpoena under which you appeared here today, and you will continue under the jurisdiction of the committee subject to being recalled at such time as the committee may desire to hear further testimony from you.

Do you accept that recognizance?

Mr. ENGLISH. Yes, sir.

Can I go home now?

The CHAIRMAN. You will be notified of the time and place where the committee desires to hear you. Will you now state for the record where you will receive that notice, so that we can advise you?

Mr. ENGLISH. I gave my address, 1834 South Austin Boulevard.

The CHAIRMAN. You agree that you will receive the notice at that place?

Mr. ENGLISH. Yes, sir.

The CHAIRMAN. You agree to return when the committee so notifies you?

Mr. ENGLISH. Yes, sir.

The CHAIRMAN. You are dismissed.

The committee will stand in recess until tomorrow morning at 10:30 o'clock.

(Members of the select committee present at time of recess: Senators McClellan and Mundt.)

(Whereupon, at 4 p.m. the select committee recessed, to reconvene at 10:30 a.m., Wednesday, February 25, 1959.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

WEDNESDAY, FEBRUARY 25, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 10:30 a.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in the caucus room, Senate Office Building. Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Karl E. Mundt, Republican, North Dakota; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska.

Also present: Robert F. Kennedy, chief counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Walter R. May, investigator; Sherman Willse, investigator; Walter C. De Vaughn, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will be in order.

(Members of the select committee present at the convening of the session were Senators McClellan and Mundt.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Larner, Mr. Chairman, is the next witness.

The CHAIRMAN. Mr. Larner? Mr. Waterfall? Does he have any other name?

Mr. KENNEDY. He is known as Red Waterfall or Edward Jarvis. His attorney said he would be present. His attorney is Mr. Gorman.

The CHAIRMAN. Mr. Gorman?

Mr. KENNEDY. Mr. Waterfall?

The CHAIRMAN. Do we have the subpoena?

Mr. KENNEDY. Is Mr. Waterfall here?

Well, Mr. Chairman, while waiting for him, we can call some other witnesses.

The CHAIRMAN. All right. We will call him now, and if I may have the subpoena, let us make this record. If he does not appear, I want to know why.

The subpoena is on the way up. Let the record show that he is called. Give all of the names you know him by and I will call him again.

Mr. KENNEDY. Red Larner.

The CHAIRMAN. Red Larner? Thomas Waterfall? Red Waterfall? Edward Jarvis? Hyman Larner?

Mr. ALLDER. I was a little late, and the only word I heard was "Waterfall," or something like that, sir. I am sorry.

The CHAIRMAN. We called him by every name we understood he goes by.

Will you be sworn? You do solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. LARNER. I do.

**TESTIMONY OF HYMAN LARNER, ACCOMPANIED BY COUNSEL,
HARRY CLIFFORD ALLDER**

The CHAIRMAN. Will you please state your name, your place of residence, and your business or occupation.

Mr. LARNER. Hyman Larner.

The CHAIRMAN. How do you spell it?

Mr. LARNER. L-a-r-n-e-r.

The CHAIRMAN. Thank you very much. All right, now your place of residence and your business, please.

Mr. LARNER. 1290 Northeast 101st Street, Miami Shores, Fla.

The CHAIRMAN. All right. What is your business or occupation, Mr. Larner?

Mr. LARNER. I respectfully decline to answer that question. I honestly believe my answer may tend to incriminate me.

The CHAIRMAN. Are you saying that if you gave a truthful answer to the question you honestly believe that a truthful answer might tend to incriminate you?

Mr. LARNER. I respectfully decline to answer.

The CHAIRMAN. You are going to answer that question.

Mr. LARNER. Because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. The question is, Do you honestly believe if you gave a truthful answer to the question as to what business or occupation you are in that a truthful answer might tend to incriminate you?

Mr. LARNER. Yes.

The CHAIRMAN. Thank you.

You have counsel present. Counsel, identify yourself.

Mr. ALLDER. Harry Clifford Alder, Washington, D.C., bar.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Are you also known as Thomas Waterfall?

Mr. LARNER. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. According to the testimony that we have had before the committee, that was the name that you used when you headed up or was general manager of this game association in Chicago; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We understand, in addition to those names, you have used the name of Red Larner, Red Waterfall, and also on occasion the name of Edward Jarvis; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, our interest, Mr. Chairman, in this witness has been based on the testimony that we have had over the past few

days—that he was a long-time employee and associate of Eddie “Dutch” Vogel. Isn’t that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Dutch Vogel established you as general manager of the game association. When the game association members were having difficulty enforcing their agreement to protect and not to jump one another’s locations and to take steps to prevent outsiders from jumping their locations, and the association itself was having difficulty enforcing this agreement, at the suggestion and under the leadership of Dutch Vogel, you were made the general manager. Is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you at that time were an employee of Dutch Vogel. You had been an employee for some years, but then you went to work for the Chicago Independent Amusement Association and received income from the amusement association as well as from Dutch Vogel. You were working for both organizations; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, this was in 1957 that you were receiving money from both Eddie Vogel and from the game association. It was around that period of time that it was determined that the union should be brought in, local 134 and Jukebox Smitty, in order to enforce the agreement that had been made between the association members, and you were responsible for bringing the union in; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Now, the union was brought in, and supposedly you received the union stamps and sold them to the various members of the association, according to the testimony of our investigator, Mr. Kaplan. When he went to your office, you had departed 3 days earlier with all of the books and records of the association, but you did leave behind in the office all of the paraphernalia of the union, the union stamps and envelopes and literature. You were operating and running the jukebox local which then became a game association local, 134 of the IBEW, out of the game association offices; isn’t that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were just operating with the help of the union and with the help of Jukebox Smitty, an organized shakedown of all of the game operators in the Chicago area; isn’t that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The way that you were working was that if the individual operators did not purchase these stamps, they would be promised difficulty from the union, and when that was not completely successful you hired Mr. Ross and Mr. Rini and Mr. Masteri; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And Mr. Masteri was a very loyal employee, who helped you by pouring acid on the machines and cutting them up with axes until he unfortunately had his head blown off; is that right?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And then you used Mr. Ross and Mr. Rini to go ahead with your task of throwing the acid on the machines and chopping them up; is that right? You continued in this way for a period of approximately a year?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And these people were forced to purchase these union stickers and were gradually losing their locations to your boss, Mr. Eddie Vogel, during this period of time; is that right?

Mr. LARNER. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It was an organized shakedown which brought in sums of money, of well over \$100,000 in a period of a year for you; isn't that right, just for that source alone? Isn't that right?

Mr. LARNER. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Unfortunately we cannot tell exactly how much money you brought in, because you took off with the books and records, Mr. Larner; isn't that right?

Mr. LARNER. I respectfully decline to answer that question, because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Do you have those books and records with you down in Florida?

Mr. LARNER. I respectfully decline to answer, because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. May I inquire? Was a subpoena issued for those books and records?

Mr. KENNEDY. Yes.

Mr. ALLDER. May I get them? I have a bag here.

The CHAIRMAN. You may get your bag.

Mr. ALLDER. I will place them on the table here.

(Counsel Allder placed documents on the committee table.)

Senator MUNDT. Are those the books and records of the Larner concern that you are putting on the table?

Mr. ALLDER. In response to the subpoena, Senator.

Senator MUNDT. They are?

Mr. ALLDER. Yes. We have no objection to the committee taking them.

Senator MUNDT. Is it intact and a complete record, or are there elements of it missing?

Mr. ALLDER. From my inspection of it, I think some things are missing, but I am not an expert. But these are all of the things that this man had in his possession at the time the subpoena was served upon him.

The CHAIRMAN. That is a proper question for the witness to answer, and I will interrogate him about it.

All right, Mr. Witness, your counsel has now laid upon the table in your presence here a number or a group of records, apparently bank statements and some ledgers and some files and some canceled checks,

and so forth. I will ask you if you have delivered these to the committee in response to the subpoena served on you, committee subpoena served upon you on the 10th day of October 1958.

Mr. LARNER. Yes, sir.

The CHAIRMAN. A subpoena was served on you at that time?

Mr. LARNER. I believe that is the date.

The CHAIRMAN. I hand you here the copy of the subpoena upon which the official return is made, and ask you to examine it and state if you recognize it as a copy of the original served on you.

(A document was handed to the witness.)

Mr. LARNER. I believe it is the same.

The CHAIRMAN. That subpoena, with the return thereon, may be printed in the record at this point.

(The subpoena is as follows:)

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

L-5144

To Hymen Larner, a/k/a Thomas "Red" Waterfall, individually and as an officer, director, and employee of the Chicago Independent Amusement Association, having care, custody, control, and possession, legal or actual, for any of the below-described material, Greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Select Committee on Improper Activities in the Labor or Management Field of the Senate of the United States, on December 2, 1958, at 10 o'clock a.m., at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee, and to produce, for the period January 1, 1956, to date, all of your personal records and all of the records of the Chicago Independent Amusement Association, including but not limited to copies of income tax returns, check stubs, canceled checks, bank statements and bankbooks, personal telephone and address books; membership lists; location lists; books of account and all other documents and memoranda that will reflect the operation and management of the CIAA and your personal financial, business, and commercial affairs.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

Given under my hand, by order of the committee, this 16th day of September, in the year of our Lord one thousand nine hundred and fifty-eight.

JOHN L. McCLELLAN,

Chairman, Senate Select Committee on Improper Activities in the Labor or Management Field.

OCTOBER 10, 1958.

I made service of the within subpoena by hand on the within-named Hymen Larner, at U.S. Courthouse, Chicago, Illinois, at 12:10 o'clock p.m., on the 10th day of October, 1958.

THEODORE R. SIMON.

The CHAIRMAN. Mr. Larner, this subpoena calls for you to produce to the committee for the period January 1, 1956, to date, all of your personal records and all of the records of the Chicago Independent Amusement Association, including, but not limited to, copies of income tax returns, check stubs, canceled checks, bank statements, and bankbooks, personal telephone and address books, membership lists, location lists, books of accounts, and all other documents and memorandums that will reflect the operation and management of the CIAA, and your personal financial, business, and commercial affairs.

First, I ask you: Have you and do you now—with this action of your attorney in laying these documents and files and records on the table here before the committee—do you now comply with this subpoena insofar as it relates to the Chicago Independent Amusement Association records?

Mr. LARNER. Yes.

The CHAIRMAN. Do you have in your possession or under your control any other records or documents or papers called for by this subpoena of the Chicago Independent Amusement Association other than those which you have today delivered to the committee?

Do you have any others or do you have them in your possession or control?

(The witness conferred with his counsel.)

Mr. LARNER. No.

The CHAIRMAN. Have you, since this subpoena was served on you, destroyed or purposely lost, or misplaced any records that you had of this Chicago Independent Amusement Association that you had in your possession or under your control at the time the subpoena was served on you on the 10th day of October 1958?

Mr. LARNER. No.

The CHAIRMAN. Then these are all of the records of the association that you had at the time the subpoena was served on you or that you have had since, either in your possession or under your control?

Mr. LARNER. Yes.

Senator MUNDT. Mr. Chairman, in that connection I would like to ask Mr. Larner whether he has changed or replaced any of the records or any of the entries in any of the records of the Chicago Independent Amusement Co. since the subpoena was served.

(The witness conferred with his counsel.)

Mr. LARNER. No.

Senator MUNDT. I would like to ask whether your personal income tax returns of you, Mr. Larner, called for in the subpoena, are included in the papers presented to the committee by your attorney this morning?

(The witness conferred with his counsel.)

Mr. LARNER. I would like to consult with my attorney, please.

Senator MUNDT. You may.

(The witness conferred with his counsel.)

Mr. ALLDER. Might I make a statement, Senator, concerning the question Senator Mundt just asked?

The CHAIRMAN. The Chair will hear a brief statement.

Mr. ALLDER. I believe that there are some papers that belong to this man personally which he has not produced here today which he might be able to produce at a later date.

The CHAIRMAN. He may make a statement about that, if he desires. What is the question?

Mr. ALLDER. If he produced those papers here, Senator, he would have to stand on his privilege. He would produce them, but not turn them over to the committee.

The CHAIRMAN. If he wants to make that kind of a record, of course, that is his privilege.

Senator MUNDT. My question was whether or not in response to the subpoena calling for your personal income tax returns and records,

you had supplied them in the material placed on the table by your counsel this morning.

Mr. ALLDER. Senator, I think the confusion arises about this, if I might state it. I think the staff served a subpoena upon his accountant and obtained the records that we are talking about right now. I think that Mr. Kennedy can ascertain that they have those records. That is our belief.

The CHAIRMAN. In other words, you think they have been procured by the committee by other means?

Mr. ALLDER. I think that is true, Senator.

The CHAIRMAN. Well, we will check that.

Senator MUNDT. If there are no records as far as your personal income tax returns are concerned in this compilation here, by virtue of the fact that the committee has already received them from your accountant, then I presume your answer to my question would be "No," is that right?

Mr. ALLDER. That would be hearsay, though, Senator. That is his information.

Senator MUNDT. There is no hearsay about my question. My question is whether or not they are in this pile that he put on the table.

Mr. ALLDER. What I am saying is the hearsay part—not what you are saying, Senator. But his information is hearsay, is what I am trying to say. It seems to have been confirmed now that it is true, that the committee staff did get the records.

Mr. KENNEDY. I believe the accountant's records—we don't know about his personal records—we got whatever the accountant had, which included copies of his income tax returns.

The CHAIRMAN. He can answer this question that Senator Mundt has put. Have you delivered here with these records today any of your personal records? These, as I understand it, relate solely to the association, its records and documents.

Have you here today in this bundle of papers and documents you have delivered, have you delivered any of your personal records called for by the subpoena in this group of papers you have delivered here now? That is what the question is.

Mr. LARNER. I am confused in that question. There are too many parts to it.

The CHAIRMAN. We will break it down very simply for you.

Have you got any of your personal papers, your own accounts and records, in these papers you have submitted here? That ought to be simple.

Mr. ALLDER. The problem, Senator, that is bothering him, and which I think can be easily straightened out, is in those records there will be something reflecting withholding taxes or something concerning him. I don't believe those are his personal papers. I think they are the papers of the association. That is confusing him right now as to how to answer that question.

The CHAIRMAN. Aside from that, aside from what your attorney said, some of those things as to your personal affairs, like withholding tax or something, would show up on the records of the association.

I am not talking about those things that we would naturally find in the records of the association. We are talking about those things

that are personal to you, like your personal bank account and your other papers and documents called for by the subpoena.

Have you delivered any of those here with these papers that you presented today?

Mr. LARNER. The answer to that is "No."

The CHAIRMAN. All right. Proceed.

Mr. KENNEDY. I just made a quick check of some of these papers, but I do not find any sums of money being paid to Mr. Ross or Mr. Rini. Can you explain that? Or to Mr. Masteri. How were you paying them?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator Curtis entered the hearing room.)

Mr. KENNEDY. In April 1957, Ross, Rini, a man by the name of Frank Eldorado, and Masteri, were arrested in Maywood, Ill., while driving a truck containing three pinball machines which had been hijacked from Des Plaines. When Ross was arrested he requested the police to call you, Red, and gave him the number of the Crossroads Tavern.

Do you know about that?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The Crossroads Tavern is owned by you, is it not?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Can you explain why Mr. Ross wanted to call you at your tavern after he had been arrested in connection with hijacking these pinball machines?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then in the fall of 1957, Ross entered a tavern of Mr. and Mrs. Holup. He identified himself as a union man and gave Holup your card with the legend "Affiliate of IBEW Local 134," on the card.

Can you explain that to us?

Mr. LARNER. I respectfully decline to answer because I believe my answer might tend to incriminate me.

Mr. KENNEDY. And the checks that we do have, or we have had before these records have been made available, show money coming from this association to Ross.

Can you explain that to us?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Larner, a study of your finances during this period of time is of some interest. We find, for instance, that over the past few years you have had a Chevrolet convertible, a Cadillac 4-door sedan, a Mercury 4-door sedan, a Mercury convertible coupe, and a Cadillac Coupe de Ville, and you rented a 1958 4-door Chevrolet two-tone aqua and white sedan in Miami, Fla.; that you had an apartment in Chicago and a home in Miami; and that you have done this over the period from 1949 to 1957, on an average income of approximately \$8,700, according to your returns.

Could you explain how you have been able to do that?

(The witness conferred with his counsel.)

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In 1952, according to an application that you made to a bank, you stated that you owned a restaurant in Chicago since 1945; that you had an interest in four oil wells and various investments; you listed your assets as \$15,000; net worth of your business, \$20,000; other investments, \$40,000; real estate, \$71,000; and your total assets, \$46,000, with no liabilities; and an annual income you said was \$23,000. Yet in 1952 you only declared \$11,000.

Can you explain that to us?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In October 1952 you claimed a net worth in a mortgage application to be \$103,000, and in a lease application in 1956 you listed your assets at \$100,000.

Can you explain how you could be doing all of these things on \$8,000 a year?

Mr. LARNER. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Don't you think, Mr. Larner, you should find a little better answer than that, because if the Internal Revenue Service of the United States is alert and awake, and I believe it is, the answers you are making now are very incriminating. Obviously they are going to be curious, as this committee is curious.

There may be some perfectly legitimate answer to the question. But if you leave it dangling there, certainly it becomes incumbent upon the Internal Revenue Service to make a very exhaustive study of your financial transactions to see whether you have been defrauding the Government as far as income tax.

Your answers indicate that you have been. That may be giving them an improper idea, but that is up to you. If it is the best you can give us, the fact that you have an \$8,700 income and a fleet of Cadillac cars, with homes scattered between Florida and Illinois, you certainly are asking for trouble. You are smart enough to know that when you get in trouble with the Internal Revenue Service, you are in serious trouble.

I think we should give you a chance, if you want to, to make an explanation, which possibly can be made. I do not know. But certainly when you duck behind the fifth amendment, you are virtually confessing to defrauding the Government on internal revenue taxes. I think you better talk to your attorney and think that over.

If you want trouble, you are certainly sending an engraved invitation card, "R.S.V.P., Please call on Hymen Larner down in Florida." They will be there, probably, before you arrive home.

The CHAIRMAN. Very well; proceed.

Mr. KENNEDY. Then he owned a 27-foot Chris Craft cruiser, which evidently he has disposed of, but he now has a 22-foot Chris Craft Sea Skiff, and the hull itself is insured for \$4,700. It was purchased in September of 1957 at the Challenger Marina in Miami.

Is that right?

(The witness conferred with his counsel.)

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. May I ask, Mr. Counsel, if that \$8,700, or whatever the amount was, reported as income, was it reported as salary?

Mr. KENNEDY. This was his total income.

The CHAIRMAN. I know that is the total, but was any part of the salary for working for this association?

Mr. KENNEDY. Yes, he received some of it for salary, some of it from Eddie Vogel, some of it from his investments.

The CHAIRMAN. What salary did you get from this association, Mr. Larner?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Did you get a salary or did you work on a commission basis?

Mr. LARNER. I respectfully decline to answer because I believe my answer might tend to incriminate me.

The CHAIRMAN. Was there some kind of an arrangement, and was it the practice actually to get all you could into the association on the basis of so much per machine that you stamped and permitted to operate, and then divide that money in some fashion with the local union, Local 134, or this man Jukebox Smith?

Was there some division between you and him or between the association and his union with respect to the stamp money you received from selling stamps on these machines and any other money you received in the association?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You see, what we are interested in is whether a union or a union representative goes out and enters into collusion with some thug, gangster, or racketeer. That is what we are interested in. If you did not have that kind of an operation, it would be very helpful, you know, if you would just give us what the facts are so there would not be grounds for any suspicion or unjustified belief that some such arrangements did exist.

Can you help us a little on that?

(The witness conferred with his counsel.)

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator Curtis left the hearing room.)

The CHAIRMAN. You see, we have some proof here in the record that there was an arrangement whereby you delivered the stamps and collected \$1 per machine per month, but we don't find out how that money ever got into the union treasury.

Do you know whether any of it ever got in there or not?

Mr. LARNER. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know whether any of it ever got to this man Smith, to Jukebox Smith? Did any of it ever reach him?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. What part of it did you turn in to the treasury of the association? What percentage or what arrangement did you have about turning it in to the treasury of the association?

Mr. LARNER. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you mean that you did not turn it all in to the association?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do these records that you delivered here today of the association reflect the truth with respect to the amount of money you turned in to the association and the amounts you collected for the association?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are you intimating that you may have kept false records?

Mr. LARNER. I honestly believe that my answer might tend to incriminate me, so I must decline to answer.

The CHAIRMAN. All right.

Senator MUNDT. Are you prepared to testify that a fair portion of this money that you collected from the jukebox operators went to Uncle Sam's tax collector?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Are you now implying that you made out fraudulent income tax returns?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. I think it has.

Mr. KENNEDY. Mr. Chairman, in 1957, Mr. Larner declared his highest income, and included there was \$8,750 from the amusement association, and \$5,000 from Eddie Vogel's company, Guild Rental Games.

It is also of some interest, and it should be to you, Mr. Chairman, that Mr. Larner has only been convicted once, and that was in Little Rock, Ark., for possessing a gaming device. He was fined \$316.90 back in 1941 and sentenced to serve 30 days in jail.

The CHAIRMAN. Do you like the climate down there?

Mr. LARNER. I respectfully decline to answer that question because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I expect the community was glad you left.

All right.

We have to have a sense of humor as we go along.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Well, can you explain about the operation of the game association and how you got these union labels and never had a union contract? There is no union contract in these records, is there, Mr. Larner?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It would be helpful if he could explain anything about how he was able to operate. Mr. Chairman, it would appear from that that it was just an organized shakedown operated by Vogel with him as the front, and with the use of the union, and the union being the enforcement arm together with such people as Ross and Rini

who have some 26 convictions between them. Could you give us any explanation of these activities? Would you tell us anything about it?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I hand you here a sheet of paper with four pictures on it, or attached to it. They appear to be pictures of a residence. I wish you would examine those pictures and state if you recognize the place and identify the location where the pictures were made and what the picture is.

(A document was handed to the witness.)

(The witness conferred with his counsel.)

Mr. ALLDER. Would you ask him first if he has examined it?

The CHAIRMAN. Have you examined the picture?

Mr. LARNER. Yes, sir, I have.

The CHAIRMAN. Do you recognize the photographs of what the picture is in the photographs?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. That is your home in Florida, is it not?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. If that is your home, what is there about that house that is incriminating? Can you tell us?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. I don't see how an answer like that could incriminate him. I think he is taking the fifth amendment frivolously.

The CHAIRMAN. I may have incriminated the house by the questions I asked, but I don't see how it would incriminate the witness.

Senator MUNDT. That is a frivolous use of the fifth amendment, unless per chance there are some illegal activities being conducted at the house and I might ask him that.

Are there any illegal activities being conducted in that house?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Let that document with the pictures be made exhibit No. 61.

(Document referred to was marked "Exhibit No. 61" for reference, and may be found in the files of the select committee.)

Senator MUNDT. Is there an operation operating in the basement of the house, a dope ring or a counterfeiting bloc or a kidnapping bloc, do you know?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. This wasn't where they were shipping out arms, sending them to either side of the Cuban revolution, is it? There must be something suspicious about it, and you just can't be incriminated by looking at a house. The fifth amendment is available to a witness as a legitimate protection against self-incrimination, and if there is something illegal in this house you can take the fifth amendment. I don't see how the courts can justify a man taking the fifth amendment on a house which is just somebody's home.

Do you know of anything illegal being done in that house?

Mr. LARNER. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. I believe you said you lived at this address, did you not?

Mr. ALLDER. What address is this?

The CHAIRMAN. Didn't you state you lived at the address shown on this document I handed you?

Mr. ALLDER. I don't believe I saw an address on there, Senator.

The CHAIRMAN. I think that it shows right on there. Exhibit 61 shows written down underneath these pictures—

1290 Northeast 101st Street, Miami Shores, Fla., property and residence of Mr. and Mrs. Hyman Larner.

That is written right on the bottom. Is that not the address that you gave when you first identified yourself, the first question asked you as to your name, your place of residence, and your business or occupation?

Mr. LARNER. Yes, it is.

The CHAIRMAN. Thank you.

Mr. KENNEDY. We could call now just two other witnesses, Mr. Knapp, and Mr. Greenberg, who were the officers of the association.

Senator MUNDT. Before we do that, I want to recommend that we send this transcript to the Department of Justice. If this is a legitimate use of the fifth amendment I certainly think that the country ought to be informed of the reasoning of a court that would so hold, because here is a man who comes in originally and tells us that this is his address, and he is shown a picture of it and he says he can't, because of the fifth amendment, identify it as his home, and he refuses to say whether there is an illegal operation being conducted in the house.

I think it is about time that the country understood at least, and that the Congress understood, how far the courts are going to go in protecting witnesses of this type and character in a completely capricious and frivolous use of the fifth amendment.

The CHAIRMAN. The record will go to the Department of Justice, but I may say to my distinguished colleague, that just a few days ago here in the District of Columbia, a court held that for the international president of a labor union to go to a man's room in a hotel and beat him up and shove his wife around in connection with an international election or convention of the union, that that is not a subject matter for this committee to investigate in trying to ascertain what are improper practices in labor-management relations.

If a court can hold that the use of force and violence to intimidate and coerce delegates at a convention, or people attending a labor convention, in order to protect their office that they hold or to try to insure their own reelection—if that is something that this committee has no jurisdiction of, then I think that you could expect courts to hold that a fifth amendment can be used for any purpose on earth.

Senator MUNDT. Mr. Chairman, I know the case to which the Chair refers and perhaps I am expressing my Western optimism, but the word "court" after all is just a definition of a judge or a group of judges. Let us hope that this particular transcript may go

before a better court or a better group of judges, so that they can put better reasons behind their verdict than the strange and curious verdict to which you refer.

The CHAIRMAN. I thank my colleague.

Call the next witness.

You may remain seated because I want to see if they can identify you and you can identify them.

Mr. KENNEDY. Mr. Knapp and Mr. Greenberg.

The CHAIRMAN. Will you be sworn?

Do you and each of you solemnly swear that the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. KNAPP. I do.

Mr. GREENBERG. I do.

TESTIMONY OF WILLIAM KNAPP AND SAM GREENBERG

The CHAIRMAN. Will you, on my left, state your name, your place of residence, and your business or occupation, please, sir?

Mr. KNAPP. William Knapp, 859 Broadview, Highland Park, Ill. I am a coin machine operator.

Mr. GREENBERG. My name is Sam Greenberg. I live at 2911 West Jarlath, Chicago. I am also in the amusement business.

The CHAIRMAN. You are also a machine operator?

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. Do either of you have counsel or do you both waive counsel?

Mr. KNAPP. I waive counsel.

Mr. GREENBERG. I waive counsel.

The CHAIRMAN. Mr. Kennedy, proceed.

Mr. KENNEDY. Mr. Knapp, you are a part owner of the Allied Coin Machine Exchange, Inc.?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Knapp, we discussed this in Chicago, did we not, and you answered about your interest in this company? Isn't that right?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator McClellan left the hearing room.)

Mr. KENNEDY. Haven't you told the staff that you were approached with regard to uniting of the CIAA with local 134 to stop location jumping?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And that you were approached by Hyman Waterfall, or Hyman Lerner, also known as Tom Waterfall?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You told us that, that the approach was made by Waterfall; that he then brought in local 134 of the IBEW, and that you continued to pay dues to the CIAA because you were afraid of bodily hurt?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(Members of the select committee present at this point: Senators Mundt and Goldwater.)

Mr. KENNEDY. You were second vice president of the CIAA; is that right?

Mr. KNAPP. Yes, sir.

Mr. KENNEDY. For how long?

Mr. KNAPP. A few months.

Mr. KENNEDY. That is the only thing that we have to ask you. The information is a small piece of information that we had for you to give to the committee, just on how Mr. Waterfall came in. Certainly that could not tend to incriminate you.

Could you tell us why you are taking the fifth amendment on that? It does not involve yourself at all. Mr. Knapp?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Mr. Knapp, have you been threatened or intimidated since you talked to our investigators in Chicago?

Mr. KNAPP. No, sir.

Mr. KENNEDY. What brought the change, Mr. Knapp, if that is not the case?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. There is nothing possibly in the information we have or the information that was discussed in Chicago that would tend to incriminate you. What is the reason that you have changed?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were told to take the fifth amendment before the committee?

Mr. KNAPP. I honestly decline to answer because I respect—I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell me who you have discussed this matter with in the last 2 weeks?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. As you told us, the reason that you belonged to the CIAA was that you were afraid of being beaten up and being bodily hurt. Is that the same reason for your taking the fifth amendment today? Is that right?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

(At this point Senator McClellan entered the hearing room.)

Senator MUNDT. Have you talked to Mr. Larner on the phone or directly or indirectly since you talked to our committee investigators in Chicago?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Did Mr. Larner or other members of the syndicate or the underworld in Chicago, who have dug so deeply into your business—are they the ones that convinced you now to duck behind

the fifth amendment after you were forthright and honest in answers in Chicago?

Mr. KNAPP. No, sir.

Senator MUNDT. What brought about the change?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator GOLDWATER. Mr. Chairman——

The CHAIRMAN. Senator Goldwater.

Senator GOLDWATER. Have you ever reported any contacts made with you to the police in Chicago?

Mr. KNAPP. Sir?

Senator GOLDWATER. Have you ever reported any contacts between these characters and yourself to the police?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator GOLDWATER. Mr. Chairman, I would like to direct a question to the staff.

I do not mean by my question or my remarks to cast any reflections on the police department of Chicago, but it seems to me mighty funny that everything that seems to happen that is illegal, of a mobster or racketeer character, most of them come out of the city of Chicago. I am wondering if the staff can tell me if they get the cooperation from the police force in Chicago.

Mr. KENNEDY. Senator, we do get good cooperation from the police department in Chicago. There are, obviously, some bad situations there. We have spent, I would think, probably more time, however, on other cities where we have found bad situations.

As far as the police department is concerned, certainly at the top—I haven't made a study of police departments—certainly as far as the commissioner is concerned, in this investigation and in the investigation that we conducted of the Chicago Restaurant Association, and the unions that were involved, we have received the best of cooperation from the Commissioner of Police and the authorities immediately under him, for which we are very grateful.

They have also helped and assisted in serving subpoenas and doing other work. I think there are some very serious situations in Chicago and the surrounding area.

Senator GOLDWATER. Have they ever made investigations of these incidents on their own?

Mr. KENNEDY. I believe they have. They have made reports on those incidents. I am aware of reports that they have made of incidents such as we have had before the committee; not, perhaps, the exact ones, but similar incidents I know have been reported, and reports are contained in the files of the Chicago Police Department.

Senator GOLDWATER. Have they ever been turned over to a grand jury?

Mr. KENNEDY. They have been made available to the prosecuting attorney in Cook County.

Many of these things take place not just in Chicago, but take place in Cook County, outside the city of Chicago, and there you have, of course, other police departments. You have the situation in Cicero which is almost impossible to deal with. A number of these people that we have to deal with who operate sometimes in the city of Chicago

also operate in the area outside of Chicago, some of these big hoodlums.

So it is often impossible for the police department in the city of Chicago to touch them directly. As I say, our relationship at the top has been the best.

Senator GOLDWATER. I have understood that right along. But as I have sat here the few times I have been able to attend, I have been rather shocked at the evidence that has been presented by the witnesses who are willing to talk and shocked by the evidence that is not given by the witnesses who refuse to talk.

I wonder at times if local law enforcement hasn't broken down in some parts of our country to the extent that it is of a dangerous nature. I would like not necessarily today, but sometime, to get a report from your staff, be it verbal, on the overall cooperation of police forces around this country with this committee.

These things, I might say, should never even have to come to a committee of the U.S. Congress if local law enforcement was doing its job.

Mr. KENNEDY. We have, I might say, Senator, some interesting reports along those lines. The committee has been in existence some 2 years, and we have had contacts with various police departments and law enforcement bodies throughout the country. There are some that are about 1 million percent better than others, and many of the situations that exist in certain communities exist because there is a lack of law enforcement.

Every time you have a large city, you are going to have, certainly, some breakdown in law. But there are large cities in the United States which are almost under the control of the bad elements because there is a breakdown in law.

Senator GOLDWATER. I am not certain after this last court decision just what we can go into. Certainly Mr. Hoffa wasn't successful in organizing the police in New York, so it might not come under labor. But I have been wondering if he would be remiss in bringing some of these police in here and asking them what goes on in their community when they can't seem to control hoodlums, and everybody else in the United States knows about it.

That is all I have.

The CHAIRMAN. The Chair will make this further observation. I may say to my colleague that if we bring people in here and interrogate them and they testify, with respect to perjury, the testimony they give, the false testimony they give, properly so, and it is the law and properly so, should be material to the subject matter of the inquiry, and within the jurisdiction of this committee.

The position I take is that when we are investigating improper practices in labor-management relations as authorized and directed to do by the resolution establishing this committee, that when we inquire into the use of violence in connection with a labor convention or a labor meeting, that that is a material matter to this inquiry; that the use of violence is an improper labor practice, and that this committee has jurisdiction to inquire into the methods of coercion, intimidation, that are used to control elections, to control the affairs of unions, or to protect those who are in office or who are out of office trying to get into office.

If this committee has no authority or jurisdiction to investigate violence by those who are in positions, official positions, in the office,

taking the use of violence to maintain those positions, and to prevent somebody from being elected to succeed them, or to prevent somebody from opposing the policies that they espouse in the union, if we do not have jurisdiction to investigate that, and if that is not material as being possibly an improper labor practice or a labor relations practice, or an improper activity in labor-management relations, then I don't know that the stealing of the union funds is an improper labor practice. I do not know that that is material.

If human suffering, unlawfully imposed, is not an improper practice, I don't know what could be described as an improper practice in the government of union affairs. That is the position the Chair takes. I do not know about the rest of you.

Senator GOLDWATER. Mr. Chairman, I agree with you completely on that. The reason I made the remark that I did relative to the possibility of extending this investigation into the fields of law enforcement is that I just read here—and I might ask the staff about this—where it says: In February 1957, acid and hatchets were used to damage game machines not bearing such stickers. Did the police investigate that?

Mr. KENNEDY. Yes, that was investigated, and two of the individuals who were responsible went to jail for it, Ross and Rini.

Senator GOLDWATER. That is good.

Senator MUNDT. Mr. Chairman, in line with the questions just put by Senator Goldwater, let me say that as a nonlawyer, I think there is some hope, stemming from the fact that these strange interpretations of the courts of the country which tend to place the court between the carrying out of justice on the criminal, or to place the court between the apprehension of a Communist or a traitor to the country, that perhaps either the courts will take a more realistic viewpoint or that Congress will measure up to its responsibilities and legislate so that they will have to do so, stemming from the fact that the American Bar Association in Chicago yesterday, and I presume that is an organization to which my distinguished colleague who sits in the Chair belongs, passed 50 pages of resolutions overwhelmingly critical of the courts, suggesting that Congress and the country do something to create an environment once again where hoodlums can be brought to justice, and where this Republic can protect itself against subversives and Communists and traitorous agents who successfully have been relying upon technicalities to escape and remain free.

So perhaps we are entering an era of more realism, so far as the courts are concerned. I sincerely hope so.

Mr. Knapp, I would like to ask you a few questions because you just don't look like the ordinary fifth amendment American who comes before us. You don't have the dark glasses on. You don't say "I'm going to take the fifth." You at least indicate that you have a pretty good educational background.

It is a little shocking to me to see a man whom I would like to think is a respectable businessman cringing behind the fifth amendment. Judging from our interviews with you in Chicago which were conducted by the staff, the committee concluded, tentatively, that you were not involved in a racket personally, that you might have gotten dragged into some association as a second or third vice president who couldn't necessarily be held responsible for everything done by the organization.

I want to ask you a couple of other questions just to be sure that you are given a chance to let the sunshine in, and don't drag this shadow of fifth amendment Americanism down upon yourself, your reputation, your family, and your future. You are pretty young to start out on a career of that kind unless actually you need this protection to keep out of jail, and I hope that isn't true.

Let me ask you this question: Do you know Mr. Larner?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. I ask you again: What has transpired since our staff investigators talked to you in Chicago when you responded the way an American should, and the time when you now come here and respond the way a good American should not? What transpired?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. I think I have done the best I can for you.

I have no other questions.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. I would like to call Mr. Kaplan, Mr. Chairman, just briefly.

The CHAIRMAN. Come forward, Mr. Kaplan.

TESTIMONY OF ARTHUR G. KAPLAN—Resumed

Mr. KENNEDY. Mr. Kaplan, you interviewed Mr. Knapp?

Mr. KAPLAN. Yes, sir.

Mr. KENNEDY. What explanation did he give of joining up with Mr. Waterfall originally?

Mr. KAPLAN. Well, on August 15, when we interviewed him in Chicago, he said that he was approached by Mr. Waterfall at his, Mr. Knapp's office, and after some pressing he detailed to us that Mr. Waterfall was accompanied by a man he described as being very tough looking, and on further elaboration a man with a hoodlum appearance.

He explained that he thought that Mr. Waterfall or Mr. Larner—and Waterfall he also identified as Mr. Larner—was, in his phrase, well connected, and by this he further gave us to understand that this meant he was well connected with the underworld.

His words were, and these were being taken down as I interviewed him by another member of our staff, "Knapp found out that Waterfall was well connected with the 'right,' and then he amended that to say with the 'wrong' people," and Waterfall claimed he could give Mr. Knapp protection for his business.

Then he went on to say that after he joined CIAA and went along with it, he paid the money to it because he thought Waterfall would knock him off. His exact words were "I thought Waterfall would knock me off."

Mr. KENNEDY. Do you remember saying that?

TESTIMONY OF WILLIAM KNAPP AND SAM GREENBERG—Resumed

Mr. KNAPP. No, sir.

Mr. KENNEDY. You do not remember saying that?

Mr. KNAPP. No, sir.

Mr. KENNEDY. Did you say anything along those lines?

Mr. KNAPP. No, sir.

Mr. KENNEDY. Nothing along those lines?

Mr. KNAPP. Well, I mean, you are making a statement that is far from the truth there.

Mr. KENNEDY. Would you tell us, then, why you joined up with Mr. Waterfall? Why don't you tell us? I don't see that you have anything to hide about it. If that is not correct, why don't you just tell us.

That is the part we are interested in, why did you join up with Mr. Waterfall? We came to you as a person obviously who had the most information, and the staff investigator was only put on after you refused to tell. He is basing his testimony on notes that were taken at the time. They might be inaccurate. Why don't you tell us what is the truth?

Would you go ahead and tell us that?

Mr. KNAPP. I can just say that that was an untruth, sir. That is as far as I would like to go.

Mr. KENNEDY. Would you tell us what is true? Why did you join up with Mr. Waterfall?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Would you tell us, if that is untrue, what is true? You tell us what happened. You are under oath, and I am sure you would tell the truth. Tell what actually happened, why you joined up with Waterfall. Would you tell us that?

Mr. KNAPP. No, sir.

The CHAIRMAN. I think you are putting yourself down on a level with him. I lose my patience with people who will not cooperate. If there is anything wrong with that, tell us what is wrong with it. We don't want to put anything into the record here about you that is false at all.

If it is false, tell us what the truth is. Do you want to do that? Do you want to tell the truth or do you want to stay behind the fifth amendment?

Mr. KNAPP. I respectfully decline to answer on the ground that I honestly—

The CHAIRMAN. The remark I made will stand. Proceed.

Senator MUNDT. Mr. Chairman, I don't think that the witness should be permitted to cringe behind the fifth amendment and then try to make Mr. Kaplan out as a liar.

Mr. Kaplan, nor any other committee investigator, would have no reason to put any words into your mouth that you didn't say in Chicago. I am sure he had never met you before in his life. As I say, you impressed me as being a responsible and respectable American. I am a little bit shocked at the attitude you have taken.

I am going to have to eat those words, I guess, that I said earlier, because maybe you are a fifth amendment American. Let me get down to the meat in the coconut.

Did you participate in any of the illegitimate take that Mr. Larner participated in as a consequence of your holding an office in this association?

Mr. KNAPP. No, sir.

Senator MUNDT. You did not. Your answer to that question was "No"?

Mr. KNAPP. Correct.

Senator MUNDT. Then what in the world have you got to hide? What are you afraid of? What are you ashamed of? What are you worried about?

This doesn't make any sense. On one hand you talk like a good, decent businessman, who might have been boobytrapped into an association that you kind of wished you hadn't joined. Maybe you had to join it because of the business you were in. Maybe that is understandable.

You have denied participating in any of the illegitimate thievery that was going on. I ask you a question of if you knew the president of the organization of which you were the vice president, and you take the fifth amendment. That doesn't make very much sense. Who is going to believe that?

What are your neighbors going to think? What are your business associates going to think? What will people think if you go ahead and make out a career taking an attitude of that kind? You know him. You know you knew him.

Let me ask you again: Do you know a man by the name of Hyman Larner, or perhaps you knew him by the name of Thomas "Red" Waterfall. Turn around and look over your shoulder at the man sitting there with dark glasses, like most fifth amendment Americans wear. Maybe you want to buy some dark glasses, if you want to take the fifth amendment.

Mr. KNAPP. I respectfully decline to answer on the ground that I honestly believe my answer might tend to incriminate me.

Senator MUNDT. I give up.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Greenberg, you were president of the Chicago Independent Amusement Association?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Did you ever see that man sitting at your right before, Mr. Greenberg?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Take a good look at him. Did you ever see him before?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. You are tending to develop around him an aura of evilness which I have been trying to eliminate. You are saying that to let anybody know that you know Knapp might incriminate you. Maybe Knapp has an honest-looking face concealing something evil. I hoped that wasn't the case. But when you tell me, "Gee, don't put me in his class, I don't want to get into his area, this is incriminating, to be known as a friend of Knapp's," that is what you are trying to tell us, that to admit that you might have seen him might incriminate him; that your record and your career has been so lily pure and clean and white that to be known as a friend of Knapp's might incriminate Mr. Greenberg?

Is that what you want to leave in the record?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. You see, Mr. Knapp, where you get yourself when you get into the fifth amendment racket?

I suppose now that Mr. Larner would be ashamed to admit that he knew you, that it would tend to be incriminating. You are getting in pretty bad company.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. You were president of the association that you supposed had this tieup with the local union. When you were subpoenaed, you didn't submit to an interview, but when you were subpoenaed, Mr. Greenberg, you stated to our investigator that you had obtained Waterfall as the director at the suggestion of Jukebox Smitty.

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did Fred Thomas Smith suggest Waterfall as your general director?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You also said that you countersigned all checks, but with respect to employees' checks, the names would be inserted by Waterfall after you had signed the checks, and you said that you had no information as to why Waterfall took the records of CIAA, or where he could be located at that time.

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Did you make any of these payments to Ross or Rini in connection with the violence that was committed?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. That is all, Mr. Chairman.

The CHAIRMAN. Are there any other questions?

Senator MUNDT. I would like to ask Mr. Greenberg whether he has ever been known by any other name.

Have you ever used an alias?

Mr. GREENBERG. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. This Hyman Larner, Red Waterfall, and Greasy Thumb Joe routine is kind of confusing to committee members. I am trying to find out. You won't answer that question?

Mr. GREENBERG. I respectfully decline—

Senator MUNDT. Mr. Knapp, have you ever used an alias of any other kind; have you been known by any other name?

Mr. KNAPP. No.

Senator MUNDT. You have not.

Mr. KENNEDY. You are not testifying before the committee because you were told not to testify; is that right?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Have you done anything wrong, Mr. Knapp? Have you done anything wrong at all?

Mr. KNAPP. Not to my knowledge.

Mr. KENNEDY. Mr. Chairman, I submit that he can't possibly be incriminated by giving these answers. He has been told. He testi-

fied freely, he spoke to our investigators freely. We have no derogatory information on the man. He has just admitted that he has done nothing wrong to his knowledge.

Why can he not answer these questions? The answer is clear, that he has been told not to, and I think we are entitled to know who told him.

The CHAIRMAN. Would you tell us who has undertaken to intimidate you, to frighten you?

Mr. KNAPP. No one.

The CHAIRMAN. Sir? You won't tell us?

Mr. KNAPP. I say no one has.

The CHAIRMAN. No one? Then what are you afraid of? You are either afraid of something, of some harm, or something, or else you are deliberately getting in the bed, and like birds of a feather, sticking together with Rini, Ross, Larnier, and that group. You are putting yourself in that category, or you are laboring under extreme fear. Which is it?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, I wouldn't say the same thing as far as Mr. Greenberg is concerned. He did give us some information, but he refused to be interviewed in general about these things. He avoided the subpoena initially. There has been some testimony before the committee that he knew and was aware of what was going on in the operations of Ross and Rini, but there is no evidence nor is there any testimony before the committee regarding Mr. Knapp, who, in my estimation, is an entirely different situation, and can only be refusing to testify at the present time because he has been ordered and instructed to by someone of whom he has some fear.

As he stated to the investigator originally, as to why Waterfall was hired, because he had fear of him at that time, there is the same reason now. There cannot be any other explanation as to his taking the fifth amendment other than that he was instructed to by someone that he is afraid of.

The CHAIRMAN. Well, he will have to live with it, and live with them, put himself in bed with them. That is all I can say.

Senator MUNDT. Have you talked with anybody, Mr. Knapp, about your testimony here before this committee since our investigator saw you in Chicago?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Has anybody talked to you, giving you some suggestion as to what you should say or how you should behave in front of this committee?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Do you know Mr. Alex Ross?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. He is a pretty bad thug. He came here and he couldn't get his hand up very high. He had some iron bracelets on when he testified yesterday. He is down in Joliet. But apparently

you don't stay in Joliet very long. He has been in and out of there like a yo-yo, but will probably be back.

Are you worried about something he might do to you when he gets out?

Mr. KNAPP. I respectfully decline to answer on the grounds—I am sorry—because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. Do you know Mr. Rini? He had the same bracelets.

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator MUNDT. All I can suggest to you is if you are that badly frightened you better get out of Chicago, out of the racket and into a new business, because if you are that easily scared, they are going to scare you all the time. You are going to be in trouble from now right on.

Senator GOLDWATER. Mr. Knapp, would you hold up that card from which you are reading?

Mr. KNAPP. Sir?

Senator GOLDWATER. You are reading something there with the fifth amendment. Would you hold that up and let me see it?

Mr. KNAPP. I haven't read anything. I have memorized it. I have glanced. There is a card here.

Senator GOLDWATER. Would you hold that up and let me take a look at it?

Mr. KNAPP. Yes, sir.

Senator GOLDWATER. Is it typed out?

Mr. KNAPP. Yes, sir.

Senator GOLDWATER. Who typed it out?

Mr. KNAPP. It was laying here when I came.

Senator GOLDWATER. Somebody must pass those out at the door.

Mr. KNAPP. They call it an idiot card, but I have memorized it, so I must be one step below.

Senator GOLDWATER. This is printed. They must be putting these out in volume now.

The CHAIRMAN. That is a free service from the hoodlums and gangsters.

Senator GOLDWATER. When did you decide to memorize this?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator GOLDWATER. Did you decide this morning?

Mr. KNAPP. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Senator GOLDWATER. Do you have a family?

Mr. KNAPP. Yes, sir.

Senator GOLDWATER. How many children?

Mr. KNAPP. Four.

Senator GOLDWATER. Any boys?

Mr. KNAPP. Yes, sir.

Senator GOLDWATER. Two of them?

Mr. KNAPP. Three.

Senator GOLDWATER. I notice you are kind of smiling up there. I don't think your boys are going to smile when they read this in the paper tomorrow.

I have nothing more.

The CHAIRMAN. You two, both of you, will remain under your present subpoena, subject to being recalled. You will continue under the jurisdiction of the committee. You will be given reasonable notice of the time and place where the committee will desire to hear further testimony from you.

Do each of you accept such recognizance?

Mr. KNAPP. Yes, sir.

Mr. GREENBERG. Yes, sir.

The CHAIRMAN. Will you state your address where you may be reached, where you may be notified? State it for the record.

Mr. GREENBERG. 2911 Jarlath, Chicago, Ill.

Mr. KNAPP. 859 Broadview, Highland Park, Ill.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. We have two witnesses, Mr. Chairman, who are key witnesses.

The CHAIRMAN. You two for the present take your seats back there by Mr. Larner.

Senator MUNDT. If they don't know him, they can't find him.

Senator GOLDWATER. You better introduce him.

Mr. KENNEDY. We also have Mr. Jukebox Smitty, Mr. Chairman.

The CHAIRMAN. Jukebox Smitty, come forward.

What is his given name?

Mr. KENNEDY. Fred Thomas Smith, alias Thomas Smith, alias Jukebox Smitty.

The CHAIRMAN. Be sworn.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. SMITH. I do.

TESTIMONY OF FRED THOMAS SMITH

The CHAIRMAN. State your name, your place of residence, and your business or occupation.

Mr. SMITH. Fred Thomas Smith.

The CHAIRMAN. Where do you live?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

The CHAIRMAN. Are you alive?

Mr. SMITH. I respectfully decline to answer on the ground it might tend to incriminate me.

The CHAIRMAN. Where do you live?

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

The CHAIRMAN. Are you the one they call "Jukebox"?

Mr. SMITH. I respectfully decline to answer.

The CHAIRMAN. Do you have a lawyer?

Mr. SMITH. No, sir.

The CHAIRMAN. Do you waive counsel?

Mr. SMITH. Yes, sir.

The CHAIRMAN. Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Smith was head of the division of local 134 which, according to the testimony, originally got involved with the jukeboxes, and acted as an enforcement arm for the jukebox association in the Chicago area.

Is that right?

Mr. SMITH. I respectfully decline, because my answer might tend to incriminate me.

Mr. KENNEDY. And you were a protege of Umbrella Mike Boyle, who was head of local 134 until he died.

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. The arrangements that were made, according to the testimony, Mr. Smith, is that the association would get paid so much per sticker, for a union sticker, which would be placed on the machine and would then preserve the locations and prevent outside jumping. You provided the stickers to the association, and the association then provided them to the members. Is that right?

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

(At this point Senator McClellan left the hearing room.)

Mr. KENNEDY. You also told many of the people with whom you talked that they would also have to belong to Michael Dale's outfit?

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. And for that the operators had to pay some 20 cents per machine?

Mr. SMITH. I respectfully decline to answer.

Mr. KENNEDY. The whole operation, according to the testimony we have had before the committee, was just a complete shakedown by you?

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

Senator MUNDT. If you are going to use the fifth amendment or some modified version of it, you are going to have to decline to give your answers, not your question.

Senator GOLDWATER. I might suggest that we return that card to him.

(Documents handed to the witness.)

Mr. KENNEDY. You are the person that made this possible during this last 20 years in Chicago, Mr. Smith. You are the one that has had the responsibility and an obligation to your union membership. You are the one who has taken no interest at all in the employees, that you are just acting there as a shakedown artist for certain of the operators.

Is that not right?

Mr. SMITH. I respectfully decline to answer the question because my answer might tend to incriminate me.

Senator MUNDT. You better read the jukebox racket card. You have it now. Your answer is all wrong.

Mr. SMITH. My answer may tend to incriminate me.

Mr. KENNEDY. You tried to perform the same function outside of Chicago, in the counties outside of Chicago, as an enforcement arm.

You went out there, collected some \$2,300 and then had to return it after 3 months; isn't that right?

Mr. SMITH. I respectfully decline to answer the question because my answer might tend to incriminate me.

Mr. KENNEDY. There, according to the explanation you gave, you had been doublecrossed. In fact, the gangsters out there were even too big for you to handle, is that right?

Mr. SMITH. I respectfully decline because my answer may tend to incriminate me.

Mr. KENNEDY. Do you know Potatoes Daddano?

Mr. SMITH. I respectfully decline to answer the question because my answer might tend to incriminate me.

(At this point Senator McClellan returned to the hearing room.)

Mr. KENNEDY. Crackers Mendino? He is another one who was operating out there.

Mr. SMITH. I respectfully decline to answer the question.

Mr. KENNEDY. It was their companies that were causing you the trouble and forced you to return the \$2,000?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. It seemed that this operated so well so you decided to set up the same kind of an operation with the game machines in Chicago; is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. In 1957 you suggested to the CIAA, which was the game machine association, that they hire Hyman Lerner or Thomas Waterfall as their general director and you would make the arrangements with him?

Mr. SMITH. I respectfully decline to answer on the grounds it might tend to incriminate me.

Mr. KENNEDY. You went ahead and made those arrangements and the same kind of operation went into effect, that each one of the operators had to pay a certain amount of money per machine for the union sticker?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. And that went along and wasn't completely successful, so in order to enforce this operation, Mr. Ross and Mr. Rini and Mr. Masteri were brought in?

Mr. SMITH. I decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. All of them with criminal records. They went around and proceeded to terrorize all of the tavern owners that were holding out; is that right?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. You were the one that was doing all of this, Mr. Smith, for a period of about 20 years. You were around, using your position, in order to shake all of these people down in order to get a little extra money for yourself; and undoubtedly you passed it on to some of your higher bosses, did you not?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. In order to make this effective you had to have the help and assistance of people such as Joey Glimco, who is a friend of yours, and a fellow union official of local 777 of the Teamsters?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. Sam Giancana, is that right?

Mr. SMITH. I decline to answer the question on the grounds the answer may tend to incriminate me.

Mr. KENNEDY. You received money from people such as Greasy Thumb Guzik, did you not?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. In fact, we have information, for instance, in 1948, that a company that was owned, the Simplex Co., which was in this business, was owned by Greasy Thumb Guzik, which was owned by Tony Acardo, and which was owned by Alvin Goldberg, paid you some \$5,000. Is that right?

Mr. SMITH. I decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. You proceeded not only in this operation that we have outlined as a general matter here, but you proceeded to go around to a number of these individual operators and shake them down for money, did you not, Mr. Smith?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. You have done that in the name of the union. For instance, you discussed with Leo Romaszkievich, who was a witness yesterday, that he could not get into local 134 of the association without paying you some \$2,000?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. And he could not even purchase a jukebox without making this payment to you, and ultimately you lowered it to \$1,500?

Mr. SMITH. I respectfully decline to answer.

Mr. KENNEDY. Why? Why don't you answer?

Mr. SMITH. It might tend to incriminate me.

The CHAIRMAN. Do you think you are guilty of it?

Mr. SMITH. I respectfully decline to answer the question because the answer might tend to incriminate me.

The CHAIRMAN. What are you, just a common, ordinary, cheap thug? Is that the way you record yourself?

Mr. SMITH. I respectfully decline to answer the question because my answer may tend to incriminate me.

(At this point Senator Mundt left the hearing room.)

Mr. KENNEDY. Then the Dormeyer Co., or corporation, had to also pay you \$5,000, did they not?

Mr. SMITH. I respectfully decline to answer the question because my answer may tend to incriminate me.

Mr. KENNEDY. That was in order to keep labor peace. They had to make an extra payment to you as well as belong to these associations and the union?

Mr. SMITH. I respectfully decline to answer because my answer might tend to incriminate me.

Mr. KENNEDY. The Chicago Wurlitzer distributor, the Koban Distributing Co., had to pay you \$500, and paid you that \$500 in August of 1952, is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. You were in the jukebox business yourself, as a partner of Joey Glimco. Then your brother has been in the jukebox business, has he not?

Mr. SMITH. I respectfully decline to answer the question because my answer may tend to incriminate me.

Mr. KENNEDY. In fact, is still in the jukebox business, is he not?

Mr. SMITH. I respectfully decline to answer because the answer may tend to incriminate me.

Mr. KENNEDY. So you had this shakedown operation, you had the jukebox association paying you money through Michael Dale. Then you had the jukebox association paying you money to the union. Then you went out and collected the money outside the city of Chicago. Then you were shaking the operators down individually. Then you decided that with the help and assistance of your pals, that you would go into the record business, is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds the answer may tend to incriminate me.

Mr. KENNEDY. This was formed by Chuck English, who was a lieutenant of Sam Giancana?

Mr. SMITH. I respectfully decline to answer the question on the grounds the answer might tend to incriminate me.

Mr. KENNEDY. And you went around to the various distributors and telephoned them and told them to purchase records from this gangster-run company?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer may tend to incriminate me.

Mr. KENNEDY. When they had a meeting of the association, the fact that these people were losing their locations, you told them that the answer to keeping their locations was to purchase records from the Lormar Co.?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. Not being satisfied with the extra profit you were receiving of 5 cents more per record, you made arrangements to counterfeit records, is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. And at least 120,000 records were counterfeited and then sold?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. The operation that you ran was primarily in the interest of Eddie Vogel, is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. Your brother had worked for Eddie Vogel in the Apex Cigarette Co., is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. Your brother Frank worked for Vogel's Apex Cigarette Co. as well as your brother William, and also Michael Dale. Is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. According to your records, we find you spend approximately 2 months each winter staying at the King Cole Hotel in Miami Beach, Fla.

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. Your income, supposedly, each year, over the period of 1951 through 1957, averages about \$7,000. Is that right?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. Could you tell us how you were able to live so well on some \$7,000 a year?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. That is from 1951 through 1957. Interestingly enough, one of your daughters attended the Jack O'Lantern Lodge at Eagle River, Wis.?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. That is the camp that is owned by Mr. Hoffa and Mr. Owen Bert Brennan?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

The CHAIRMAN. Do you know Mr. Hoffa?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer might tend to incriminate me.

Mr. KENNEDY. That is all now, Mr. Chairman.

The CHAIRMAN. Are there any questions?

Mr. KENNEDY. I would like to bring Mr. Vogel around.

The CHAIRMAN. Do you know Mr. Vogel?

Mr. SMITH. I respectfully decline to answer the question on the grounds my answer may tend to incriminate me.

The CHAIRMAN. I want to see if he knows you.

Would you take a seat in back of you, please.

Call Mr. Vogel.

Mr. KENNEDY. Mr. Vogel.

The CHAIRMAN. You do solemnly swear the evidence you shall give before this Senate select committee will be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. VOGEL. I do.

TESTIMONY OF EDWARD VOGEL, ACCOMPANIED BY COUNSEL, HARRY CLIFFORD ALLDER

The CHAIRMAN. What is your name?

Mr. VOGEL. Edward Vogel.

The CHAIRMAN. Where do you live?

Mr. VOGEL. 320 Oakdale.

The CHAIRMAN. Where?

Mr. VOGEL. 320 Oakdale.

The CHAIRMAN. Chicago?

Mr. VOGEL. Chicago, Ill.

The CHAIRMAN. What is your business or occupation?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You have counsel?

Let the record show the identification of counsel.

Proceed, Mr. Kennedy.

Mr. KENNEDY. Mr. Chairman, Mr. Vogel is the key figure behind this whole operation, together with Mr. Giancana, whom we have not been able to locate. Mr. Vogel operates one of the biggest cigarette vending businesses in the Chicago area, one of the biggest jukebox operations, and one of the largest game operations in the Cook County area, and in the surrounding counties.

It has been on behalf of him that the pressure has been put on these other operators: on behalf of him that the pressure has been put on these operators to allow his company to operate.

Isn't that correct, Mr. Vogel?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Vogel got into the coin machine business some time ago, Mr. Chairman, when he used to handle all of the coin machines, the slot machines, and the other gambling activities, for Mr. Al Capone.

Isn't that right? You were in charge of Chicago for Mr. Al Capone, of the slot machines and the other gambling equipment?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And you performed other tasks for Mr. Capone. For instance, in the famous election out in Cicero, when the various lieutenants of Mr. Capone were at the election booths, they had machineguns in their hands, and this was all operated and controlled by you, was it not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Then, in October 1926 you were indicted with Al Capone, the mayor, and chief of police of Cicero, and others, for conspiring to violate the Federal prohibition laws; is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer may tend to incriminate me.

Mr. KENNEDY. You were one of those—you were actually the one that was chiefly responsible, however, for bringing this gang warfare to Cicero in 1924 in the election, were you not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer would tend to incriminate me.

Mr. KENNEDY. You are the biggest company in this field even at the present time, and use the more subtle methods of the union to enforce your demands, do you not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. When that fails, as it did to some extent with the game association in 1957, you placed one of your employees, Mr.

Waterfall, in as general director of the association, tied up with the union, and then brought in Mr. Ross and Mr. Rini and others to destroy the machines of those who would not go along with you?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. We have found from an examination of certain documents and papers that you were in business and have been associated with Frank "The Enforcer" Nitti, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Greasy Thumb Guzik?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You were a close associate of Paul "The Waiter" Ricca?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Tony Ripi, of New York?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Rocco Fischetti, Charles Fischetti, who is now dead; Murray "The Camel" Humphreys, who is now dead; Greasy Thumb Guzik, and Frank Garnett, the son-in-law of Greasy Thumb; Chuck English, who testified before the committee; Al Capone, who is now dead; Willie Bioff; Jukebox Smith; Earl Keyes; Sam "Mooney" Giancana; and Tony Accardo, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You are one of the overlords of the underworld at the present time?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You have run other gangsters out of Chicago, have you not, who tried to interfere with your jukebox operation, such as you did in the late 1940's to Joseph Peskin, of the Universal Automatic Vending Co.?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Wasn't that done with the help and assistance of local 134 and Jukebox Smith?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The cigarettes that you have used in your machine for some period of time were purchased from the companies called Consolidated Tobacco Co., the A. Sima Tobacco Co., the Tarr Tobacco Co., and the Elmwood Park Tobacco Co., all of whom were implicated and indicted in the counterfeit cigarette tax stamp scandal, is that right, which occurred in the early 1950's?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. The counterfeiting of the cigarette tax stamps defrauded the State of Illinois out of millions of dollars of revenue?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer would tend to incriminate me.

Mr. KENNEDY. They obtained one of the State machines and were making their own stamps, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. During 1955, at least you and Rocky Fischetti, Tony Accardo, and Sam Giancana, operated the largest floating crap game in the United States, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. It was operated by a man by the name of August Liebe and it operated for a while at the Villa D'Este in McHenry County?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. But it moved to certain other locations, did it not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And handled some quarter of a million dollars on a single weekend?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. In the movie extortion case, you were in touch with Campagna, who was indicted and convicted in connection with that matter?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Paul "The Waiter" Ricca and Gioe, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And also had some conversations with Tony Ricca, of New York, in connection with that matter?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. You are also an associate of Francis Curry, who is the leading racketeer and hoodlum in Joliet, Ill?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. And he controls the jukeboxes and gambling in Joliet, does he not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. He had the opposition of the local newspaper until approximately a year and a half ago, a woman editor, and she wrote articles critical of the way he was operating and now she has disappeared, is that right?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Mr. Chairman, he is the key figure, together with Mr. Giancana. These are the people that are operating and controlling the situation at the present time, and will continue to control it and operate, unless—

The CHAIRMAN. These are the kinds of folks that are tying up with such labor leaders and labor representatives as this Jukebox Smith, whom we had before?

Mr. KENNEDY. Yes, and Joey Glinco.

The CHAIRMAN. That is a tie-in that is dominating some elements of labor and also of business, is that correct?

Mr. KENNEDY. That is correct.

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know Hyman Larner?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. He is also known as Thomas Edward Waterfall. Do you know him by that name?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

Mr. KENNEDY. Do you know this Fred Thomas "Jukebox" Smith?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you know Alex Ross, who is now in Joliet?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. And James Rini, who is also there?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Are they some of the thugs that you employ to do your dirty work?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You honestly believe it would, do you not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Do you not think it is a disgrace in a civilized country for people like you and these I have mentioned to conspire together against society and against the decent working people of this country?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. You realize, and you recognize yourself as just a cheap thug, do you not?

Mr. VOGEL. I respectfully decline to answer because I honestly believe my answer might tend to incriminate me.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Can we keep him under subpena, Mr. Chairman? We had some difficulty locating Mr. Vogel.

The CHAIRMAN. Mr. Hyman Larner, come forward; and Fred Thomas Smith, come forward, please.

You two, together with Mr. Vogel, the Chair advises you that you will remain under your same subpena, the one by which you responded here today. You will continue under the jurisdiction of the committee for further testimony at such time as the committee may desire to hear further testimony from you.

Do each of you acknowledge this recognizance?

Mr. VOGEL. Yes.

Mr. LARNER. Yes.

Mr. SMITH. Yes.

The CHAIRMAN. Each of you do. Will each of you give your place of address where notice may be received by you so the committee can give you reasonable notice of the time and place it may desire to hear you?

Mr. ALLDER. On my two clients, I can be notified, and I will produce them.

The CHAIRMAN. You will accept notice for them?

Mr. ALLDER. Yes, sir.

The CHAIRMAN. Do each of you agree to that, that he may accept notice for you as your counsel?

Mr. VOGEL. Yes.

Mr. LARNER. Yes.

The CHAIRMAN. How about you, Smitty?

Mr. SMITH. A mailing address, 1247 North Ashland.

The CHAIRMAN. You are stating this attorney is not authorized to receive notice for you?

Mr. ALLDER. I did not represent him, Senator.

The CHAIRMAN. I was trying to get the record straight.

Mr. SMITH. No, sir.

The CHAIRMAN. He does not represent you?

Mr. SMITH. No, sir.

The CHAIRMAN. What is your address?

Mr. SMITH. 1247 Ashland, River Forest, Ill.

The CHAIRMAN. That is where you advise us to send the notice, is that correct?

Mr. SMITH. Correct.

The CHAIRMAN. That is what you are saying?

Mr. SMITH. Correct.

The CHAIRMAN. And Mr. Lerner, this counsel represents you, is that correct?

Mr. LARNER. That is correct.

The CHAIRMAN. Is there anything further?

Mr. KENNEDY. Mr. Chairman, could I mention the names of the people that have worked on this case?

The CHAIRMAN. The witnesses may stand aside.

Mr. KENNEDY. Assistant counsels were Arthur Kaplan, Walter May, and John Constandy. The investigators were Mr. McShane and Mr. Willse. We also received help from Mr. Adamowski, the State's attorney, and his office.

The chief investigator, Mr. Dewey and his staff; also, Mr. Chairman, the police commissioner in Chicago, Mr. O'Connor; and the people from the General Accounting Office, Walter De Vaughn, Frank Herr, Theodore Simon, Luverne O'Brien, and William Freesland, all worked on this case.

The CHAIRMAN. The Chair will particularly compliment the members of the staff for the very thorough and efficient investigation they made, for making it possible to bring these hearings to the public.

Obviously, they certainly found the source of the information, although we have not been able to get all of the information that the sources had available; but it clearly shows this racketeering, how far it has become entrenched in many areas of our country and in many businesses.

It is a racket that threatens the sovereignty of the Government in this country today. Unless it can be checked, unless it can be dealt with, unless it is successfully stopped, there is great danger to this country, great danger from within.

It is the duty and the responsibility of the Congress to legislate in this field. It is also the duty of law-enforcement officers throughout the country to be vigilant and alert to this situation and to measure up to their duties and responsibilities in trying to combat it.

Mr. KENNEDY. Is Mr. Allder still here, the lawyer?

The CHAIRMAN. The committee will stand in recess subject to the call of the Chair.

(Whereupon at 12:40 p.m., the hearing in the above-entitled matter was recessed, subject to call of the Chair.)

(Members of the committee present at the taking of the recess were Senators McClellan and Goldwater.)

INVESTIGATION OF IMPROPER ACTIVITIES IN THE LABOR OR MANAGEMENT FIELD

TUESDAY, MARCH 10, 1959

U.S. SENATE,
SELECT COMMITTEE ON IMPROPER ACTIVITIES
IN THE LABOR OR MANAGEMENT FIELD,
Washington, D.C.

The select committee met at 3:45 p.m., pursuant to Senate Resolution 44, agreed to February 2, 1959, in room 3302, Senate Office Building, Senator John L. McClellan (chairman of the select committee) presiding.

Present: Senator John L. McClellan, Democrat, Arkansas; Senator Barry Goldwater, Republican, Arizona; Senator Carl T. Curtis, Republican, Nebraska; Senator Homer E. Capehart, Republican, Indiana.

Also present: Robert F. Kennedy, chief counsel; Paul J. Tierney, assistant counsel; Walter R. May, assistant counsel; John P. Constandy, assistant counsel; Arthur G. Kaplan, assistant counsel; Sherman S. Willse, investigator; Ruth Y. Watt, chief clerk.

The CHAIRMAN. The committee will come to order.

(Members of the select committee present at time of convening: Senators McClellan, Goldwater, and Capehart.)

The CHAIRMAN. Call the next witness.

Mr. KENNEDY. Mr. Chairman, we have had requests from Mr. Montanti. His name came up in the course of our investigation of the jukeboxes and in connection with the testimony regarding Mr. Carmine Lombardozzi. Mr. Lombardozzi is a man of some note.

There was a question raised during one of our hearings in connection with his tie-in with this company that is owned by Mr. Charles Montanti. He has requested an opportunity to testify.

The CHAIRMAN. Come forward.

You do solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MONTANTI. I do.

TESTIMONY OF CHARLES L. MONTANTI, ACCOMPANIED BY COUNSEL, HERBERT BURSTEIN

The CHAIRMAN. State your name, your place of residence, and your business or occupation, please, sir.

Mr. MONTANTI. Sir, my name is Charles L. Montanti. I live at 4476 Highland Boulevard, Staten Island. I am the general manager of the Monti Marine Corp.

The CHAIRMAN. What corporation?

Mr. MONTANTI. Monti Marine Corp.; also an officer.

Mr. Chairman, I respectfully request permission to read a statement that I have with me.

The CHAIRMAN. You are appearing voluntarily?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. As I understand it, you feel that some testimony that the committee had was derogatory, and you thought it reflected upon you in some way, and you want the privilege of testifying?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. Did you say you have a prepared statement?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. Under the rules, you are presumed to have submitted it 24 hours in advance. You have not complied with the rules. Can we see the statement hurriedly and take a glance at it?

Mr. MONTANTI. Surely. I have extra copies.

The CHAIRMAN. The only purpose of that rule is to protect the committee against somebody abusing a privilege granted, that is all. If there is nothing in the statement that is improper, I will permit you to read it.

Mr. MONTANTI. How many copies do you want?

The CHAIRMAN. Counsel, will you identify yourself, sir?

Mr. BURSTEIN. My name is Herbert Burstein, of the law firm of Zelby & Burstein, 160 Broadway, New York City. I am general counsel for Monti Marine Corp.

The CHAIRMAN. Are you familiar with the rules of the committee?

Mr. BURSTEIN. I was not, Mr. Chairman. I have a prepared statement. I understood that the witness would be accorded the opportunity to read a prepared statement into the record and would then be available for such cross-examination as the committee may elect to address to him.

The CHAIRMAN. I do not know how you would misunderstand it. Of course, you can read a prepared statement, but the rules require that the prepared statement, or any statement, be submitted 24 hours in advance.

The purpose of it, of course, is to simply protect the committee against an improper imposition. Now we will have to take some time to glance at this. I do not want to be too technical about it.

Mr. BURSTEIN. Mr. Chairman, we had requested an opportunity to appear here, and I believe we indicated that we intended to read a prepared statement or to submit a statement to the committee.

The CHAIRMAN. You may have indicated you intended to in the course of 3 or 4 weeks' time. You could have changed your mind. There would be no objection to it if you submitted it under the rules.

Mr. BURSTEIN. Except that I confirmed the appointment on March 10. We had been delayed on the previous occasion and were unable to appear. I recognize the rule now and regret that we did not submit the statement in advance. But I think you will find there is nothing in the statement objectionable.

The CHAIRMAN. The committee will stand at ease for 3 minutes.

(A short recess was taken.)

(Members of the select committee present at this point: Senators McClellan and Capehart.)

The CHAIRMAN. The committee will come to order.

The Chair is going to permit this witness to read his statement, but this is not establishing any precedent, because I am going to protect the committee against imposition, bringing in a statement that we have had no opportunity to examine to ascertain whether the statement is responsive to the pertinency of the previous testimony. Whether a witness volunteers or whether he is subpoenaed, we want to know in advance.

We will let you proceed. Proceed.

Mr. BURSTEIN. Thank you very much, Mr. Chairman.

The CHAIRMAN. Read it as fast as you can.

Mr. MONTANTI. Yes, sir.

My name is Charles L. Montanti.

Senator McClellan and members of this honorable committee: I appreciate the opportunity to appear before you and to discuss fully and freely facts which may be of interest to this committee. I make this statement voluntarily, under oath, and I am willing to be examined fully and completely.

On Friday, February 13, newspapers in New York and elsewhere variously reported that one Lt. James S. Mooney, of the New York City Police Criminal Intelligence Squad testified concerning one Carmine Lombardozzi and identified Mr. Lombardozzi with Monti Marine Corp., of which I am an officer, director, and stockholder.

Neither I, nor any officer of my company, through Lombardozzi or anyone else, ever paid 1 cent to any labor union officer or delegate as a payoff or otherwise.

Mr. Chairman, I would like to tell you something about myself. I am an American, aged 41, and have three children.

One of my brothers and I own all of the stock of Monti Marine Corp., a New York corporation. This company has its principal facility at Brooklyn, N.Y., where we conduct a substantial ship-repair business. We have a record of achievement in this field of which we are justly proud. We have worked hard and diligently to build this business for our families and for hundreds of employees who earn a decent livelihood at our place of business.

We are not labor baiters and we do not go in for payoffs. We employ as high as 350 men at one time, in addition to office personnel. All of our employees are members of bona fide trade unions. These include the International Association of Machinists and various unions affiliated with Marine Trades Council, and AFL-CIO trade unions, as well as a local of the ILA.

We are members of the Ship-Shore Contractors' Association, a trade association of ship repair contractors who negotiate open and aboveboard collective bargaining agreements with recognized and bona fide trade unions. As a member, I took a strike of machinists for almost 5 weeks in 1956. No one settled that strike but our association and its counsel.

We are also members of the Metropolitan Contractors Association, which acts as a collective bargaining representative for other crafts with whom the Ship-Shore Contractors' Association does not deal. We have met all of our obligations to the Federal, State, and municipal governments. We discharge our obligations to creditors. We pay our employees standard union wages and provide them with welfare

and other fringe benefits. We have no side deals and we have not made any under-the-table arrangements.

I am here to tell you the facts so that there will be no distortions, so that the damage which has been done to my company by the recent publicity can be undone, if possible.

Your committee knows that immediately after the publications of the stories, our corporation, through your counsel, wired you and requested an opportunity to appear. You were gracious enough to accord us that opportunity. We are here voluntarily.

I have nothing to conceal. You will find that I have no need or intention to resort to any constitutional immunities. I should like to tell you something about the relationship between Mr. Lombardozzi and Monti Marine Corp.

To begin with, neither I nor anybody in my family is related, directly or indirectly, to Mr. Lombardozzi. Further, neither I nor anybody in my company, nor my company, has had any joint interest with Mr. Lombardozzi in any business venture, corporation, association, or partnership.

I did not know Mr. Lombardozzi prior to some time late in 1953. The following are the circumstances of my meeting with Mr. Lombardozzi, as I can best recollect and reconstruct the facts at this date.

To the best of my present recollection, some time late in 1953 Mr. Lombardozzi applied for a job as a rigger or as a laborer at our plant. The flow of work at our yard is irregular and we had no job for him, and I so advised him.

I want to say that I do not directly recall his application for a job, since many people shape up at our hiring gate and I did not know him at all. However, at a subsequent date in 1953, which, I believe, was December, I was at a restaurant in Brooklyn, and during the course of the afternoon Mr. Lombardozzi was introduced to me.

It was a casual introduction, like dozens made at any restaurant or any other gathering place. I meet many people that way and never see them again. Mr. Lombardozzi told me that he had been at my yard and had asked for a job as a rigger and that I had turned him down because we had no work. That is why I recall that he asked for a job even though I do not remember the specific incident.

At or about this time we were experiencing some labor difficulty at North River. We had a contract with the ILA and, in accordance with the ILA practice, they were insisting on the employment by us of a hiring boss to hire our personnel. We did not believe that this was required under our collective bargaining agreement and we resisted these demands.

As a consequence, we were experiencing interruptions in work, slowdowns and, on the whole, unhappy labor relations. I communicated with our counsel, who advised me, in turn, to call the Waterfront Commission and, through my counsel, I spoke with Mr. Samuel Lane, who was then, I believe, the executive director and general counsel of the Waterfront Commission.

The Waterfront Commission stated that they would investigate this matter. I believe they did, but nothing concrete happened because I assume they had no jurisdiction over collective bargaining problems.

We were having this difficulty and we were finding it extremely difficult to control the work performance of the men. Constant interruptions were endangering the performance of our obligations.

One afternoon I was at the restaurant discussing the problems I had with several people whom I do not now recall, and I asked one of them if he knew anybody who could deal with the ILA and the men. I was told that he knew somebody and he told me that he would send this man to see me.

I asked for the name, and he told me that it was Carmine Lombardozzi. I told him that I had recalled meeting Lombardozzi, but I knew nothing of him or his background. I was told that he had worked at the waterfront for a long time and knew how to deal with the waterfront labor problems. That was all I knew about Mr. Lombardozzi.

Subsequently, he came to visit me, and I inquired whether he would be able to keep labor peace for us at the North River. He said he thought he could. I told him I would put him on a trial basis, and that he would actually have to work as a utility man with various crews and report regularly. I then fixed an hourly rate of pay. He started to work for us.

Now, I do want you to know that he was not able to solve many problems, including one I would like to review briefly.

We had trouble over the claimed right by the union to appoint a hiring boss. We disputed that right and Lombardozzi was of no aid to us in that matter. We insisted on the right to hire our own personnel, and we finally prevailed by challenging the union.

Sometime in 1954 we discharged one George Barone, who was an ILA foreman. As a consequence of his discharge, we had a complete work stoppage and a threatened continued strike. The matter was finally submitted to arbitration by the union and our company before Hon. Ludwig Teller, an outstanding authority in labor law, and now a Congressman from the State of New York.

We were represented here by our own counsel and the issue was bitterly contested by the union. Lombardozzi was unable to do a thing about this case and never appeared in it, and it went through the regular arbitration channels.

I have in my possession the original of Mr. Teller's arbitration award and I have copies for the committee. Please remember that this was in October 1954, when Lombardozzi was employed by us and when he is alleged to have been able to solve our labor problems.

This is absolute nonsense. There were a host of problems he could not solve and these were problems which I and my brother dealt with personally or through our counsel.

The CHAIRMAN. What did you hire him to do, if I may interrupt?

Mr. MONTANTI. Well, sir, as I go through here, I think I will make myself a little clearer. Some of these contracts we have are with these unions, sir—

The CHAIRMAN. You hired him to work with unions, did you not?

Mr. MONTANTI. No, sir; no, sir. We hired him to work with the Monti Marine Corp., sir, in order to cope with some of these labor difficulties that we were having at the time.

The CHAIRMAN. Who were you having the labor difficulties with?

Mr. MONTANTI. With one of the locals of the ILA, sir.

The CHAIRMAN. It was because of that difficulty with the union that you hired him to begin with?

Mr. MONTANTI. That is correct.

The CHAIRMAN. All right.

Mr. KENNEDY. Who was it that you were having trouble with? You were having trouble with certain people?

Mr. MONTANTI. Sir, we were having trouble with the local of the ILA with whom we were dealing.

Mr. KENNEDY. Specifically, you were having trouble with certain individuals that you wanted him to handle these difficulties for you?

The CHAIRMAN. Well, let him proceed. I was just trying to get clarification here.

Mr. MONTANTI. May I finish this, sir, and then I will answer any questions?

The CHAIRMAN. I did not hear you.

Mr. MONTANTI. I said may I finish this and then I will answer any questions you would like to know.

The CHAIRMAN. All right; proceed. I simply did not quite understand what you had employed him for. You said here he was not able to do you any good with unions. I thought that was why you employed him.

Mr. MONTANTI. Sir, I did not say he was not any good with the unions. He did some good, sir, and in some cases he could not always settle the matter.

The CHAIRMAN. In other words, he could not do everything you you hired him to do?

Mr. MONTANTI. That is correct, sir.

The CHAIRMAN. All right; proceed.

Mr. MONTANTI. Let me make one thing clear. I know nothing about Lombardozzi's personal, social, or economic relationships with anybody, but there is probably no place that does not employ someone who has some know-how about labor relations and how to get along with men on the job.

There are numerous minor irritations and disputes which can be solved right on the job and never get into arbitration and never require the services of a lawyer or a trade association. Lombardozzi was able to work out many of these disputes right on the scene. In some instances he failed, and I and my brother were obliged to handle the problem. In some instances we had to call our lawyer in and our trade association representative.

I want to add one final fact. In September 1954 we filed an unfair labor practice charge against the ILA with the National Labor Relations Board. This charge was ultimately withdrawn, but I want to indicate that we were using legal agencies, as well as our own association and our lawyer to handle these very crucial labor situations.

I think you will recall that in about 1954 and 1955 there was a considerable amount of labor trouble on the waterfront. The ILA was in a period of turmoil and the waterfront was more frequently involved in work stoppages than they were actually performing work.

There is one further fact. There was an impression created that Mr. Lombardozzi has so-called contacts with the business agents and representatives of the union and could solve every problem. This is plain nonsense. Mr. Chairman, this is what I meant. The business agents

weren't able to control the men in many instances and the men would defy the business agents' orders. Hence, even if the business agent agreed to our position on a given dispute, the men were not necessarily bound by it and we would have to personally work out the disputes or try to resolve them in grievance meetings at which time Mr. Lombardozzi did not participate.

Now, as I said, Mr. Lombardozzi worked for me in December as a utility man and was paid at an hourly rate. In 1953 Mr. Lombardozzi earned a total of \$211.25. That was the only compensation he received. Later on I fixed a salary of approximately \$125 a week. This is all the salary ever paid to Mr. Lombardozzi. He did not receive a dime in expense money, and he never got one penny to be used for any purpose whatsoever.

Our records, which are available to you, show that in 1954 the total pay given to Mr. Lombardozzi was \$6,329.42. So far as I am concerned, he performed an honest job for us and I repeat that he was not always able to handle a labor problem. Mr. Lombardozzi was not a cure-all. There were many labor problems he simply couldn't handle.

In 1955 he earned \$6,729.07 which, to the best of my recollection, may have included some overtime compensation. In 1956 he earned \$6,593.21. In 1957 he earned \$6,375, and for the first time he was given 2 weeks' vacation pay.

I tell this honorable committee that Mr. Lombardozzi never received a penny of wages or compensation of any kind other than the amounts which I have now reported. We deducted withholding and made social security and unemployment compensation contributions.

Now I should like to tell you something about the generator about which there has been publicity. Some time in 1954 we were awarded a job and we needed a generator for the job. We had inquiry as to the rental or purchase of a generator. The rental charges were extremely high. I have some impartial quoted rates attached to my statement. The going rate was \$28 an hour, plus transportation charges, with certain minimum guarantees.

The generator prices for purchase ran anywhere from \$15,000 to \$25,000 for an as-is basis, with the obligation on our part to make any repairs and to incur the cost of installation which we estimated would run approximately \$5,000.

We had an offer from several companies and I remember one, particularly. This was an offer from one Al Heller, whose company's name, I believe, was Ships Power. He offered us a generator at a price of \$15,000 on an as-is basis, or a rental of \$1,000 a week plus transportation back and forth.

I spoke with our comptroller and asked him whether we could make the purchase since it was on an all-cash basis. Our comptroller advised us that we were in no position at that time to expend this sum.

I should like the committee to bear in mind that the jobs we do are of substantial proportions. We have no outside financing and we must rely upon our own limited capital and our own limited borrowing facilities.

At that time it was impossible for us to make the purchase. Indeed, at that time and prior thereto, except for small machines, we were not making purchases of capital equipment.

I then asked my purchasing agent, Mr. Jack DeMartini, to check on rental prices. He advised me that the rentals were running from \$28

per hour, or \$1,000 per week, plus transportation charges. He pointed out that in the instance of machines, the generators which were renting at \$1,000 a week had been idle for a long time and we were running a risk as to their workability.

We could not afford any interruption because there was a penalty demurrage charge in our contract of \$3,800 a day. Mr. DeMartini suggested that we buy the Heller generator, but I pointed out to him that we were unable to do so. At that time Mr. Lombardozi was in Mr. DeMartini's office and heard the conversation. He asked me whether I would have any objection if he would purchase the generator and assume the responsibility for its condition and rent it to us.

I told him that I would have no objection provided he would assume full responsibility for the generator and made a favorable rental arrangement. I also pointed out to him that I could not guarantee the frequency of use of the generator. I made clear that we might never have another job requiring a generator and I wanted no obligation to him of any kind. He agreed.

Mr. Lombardozi asked me whether I would arrange for him or his brother, John Lombardozi, to inspect the generator. I did that.

The generator was delivered to our plant at no cost to us. I did not participate in the purchase transaction in any respect.

Mr. Lombardozi himself, and without my participation, organized a company. Neither I, nor my brother, nor anyone connected with Monti Marine, nor Monti Marine, had any interest in that company. The arrangement I made with Mr. Lombardozi was as follows:

We would pay Mr. Lombardozi \$750 per week, or a pro rata part thereof, for each week or portion of a week we actually used the generator. This entitled us to the use of the generator on a 24-hour-a-day basis. If we did not use the generator, we did not pay for it.

I represent to this committee that the rental charge paid to Mr. Lombardozi for the generator was lower than the best bid which could be secured anywhere in the port of New York, and is still lower than it can be rented anywhere in the port of New York.

I also represent that my records will show that the only time we paid a rental charge for the generator was when it was actually used. I have my work logs here for inspection. We can identify each vessel on which the generator was used, and the exact time the generator was used.

As it happened, our operations did expand and we used the generator to a substantial extent. But we never paid a cent to Lombardozi or his company for the generator unless we actually used the generator. Moreover, from an investment point of view, it was desirable for us to pay a rental, as distinguished from amortization of the cost of the generator.

We rent a great deal of equipment at the present time and we have always rented equipment. We subcontract a great deal of work and pay subcontractors substantial sums of money.

The point I wish to make is that it is usual and customary in our business to hire equipment and to use outsiders, even though it is conceivable we could purchase all the equipment and do all the work directly. I have a list attached to this statement showing rental payments for other equipment.

For example, we may have paid one subcontractor \$100,000 in 1956, and it might be said, "Why didn't you do the work yourself?" The

answer is simple. The subcontracting, as well as the hiring of equipment, in the long run is the most efficient way, in our judgment, of doing business.

In 1956 or 1957 we offered to buy the generator, but Mr. Lombardozzi asked \$30,000 for it. Our comptroller told us that we couldn't spend that kind of money and that, in his judgment, we were better off in paying the rental than making a capital investment.

Between 1957 and 1958 there had been several investigations involving Mr. Lombardozzi. As a consequence, we were called upon from time to time for information. We concluded that we had to terminate all relationships with Mr. Lombardozzi and that we purchase the generator, or ask Mr. Lombardozzi to remove it from our premises. On November 24, 1957, Mr. Lombardozzi was discharged from our payrolls.

I want to make clear that I had no complaint against Mr. Lombardozzi. To my knowledge he never did anything wrong to me or to my company. He never exacted a penny from me which was not earned. We did purchase the generator in August of 1958 to avoid any further harassment concerning Mr. Lombardozzi.

I spoke with Mr. Lombardozzi early in August, or late in July, and told him that we must cease the rental arrangement and that I had no alternative because the publicity concerning him was beginning to damage our company. I told him that his price of \$30,000 was out of order. I emphasized the fact that we had paid substantial rentals over the years and that he had actually purchased the generator through an introduction we made for him.

I said to him that I would be willing to pay him whatever an outside appraiser fixed the value of the generator and boiler at. He agreed. We did call in an independent appraiser who fixed the price, which I think was \$19,000, for the generator and boiler. We borrowed the \$19,000 and purchased the generator.

That is the entire story and I emphasize that there were no payments of any kind ever made other than those which were recorded in our books and records, and that payment was justified in terms of outside comparable prices.

I am prepared to answer any questions you have. I add that our books and records have been audited by an outstanding firm of public accountants. I ask only for a fair consideration of the facts and fair treatment which I know your committee wants to accord to me, my company, and the hundreds of employees who earn a livelihood through my company.

It is needless to say that the adverse publicity has been a source of anguish to me, my brother and our respective families. Every one of our workers has been upset by it and feels personally the adverse effect of this publicity.

I want to thank you very much, Mr. Chairman, and members of the committee.

The CHAIRMAN. Thank you. I have just one or two questions that occurred to me.

What did Mr. Lombardozzi pay for the generator to begin with?

Mr. MONTANTI. Sir, I believe it was \$13,000.

The CHAIRMAN. Are you saying thirteen or thirty thousand dollars?

Mr. MONTANTI. No, sir. I believe you asked me what he paid for the generator.

The CHAIRMAN. What did he pay for it when he bought it?

Mr. MONTANTI. I believe it was \$13,000.

The CHAIRMAN. All right, it is \$13,000.

How many years did you rent it from him, for how many years after he bought it?

Mr. MONTANTI. I have a schedule here, and I have all—

The CHAIRMAN. You can give it substantially.

Mr. MONTANTI. About 4 years, sir.

The CHAIRMAN. Four years?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. During that period of time, how much did you pay him in rentals?

Mr. MONTANTI. Sir, if you will permit me, I can give you a better answer because I have a schedule right here.

Sir, forgive me, but besides Lombardozzi, we have other equipment which we also use and rent.

The CHAIRMAN. You paid \$750 a week, I believe.

Mr. MONTANTI. Yes, sir, when we used it.

The CHAIRMAN. For a period of 4 years. And I understood you to say you didn't necessarily use it all of that time, and you only paid for it at such time as you actually used it. But I am sure you can tell us over that period of 4 years or approximately 4 years, the total amount that you paid Mr. Lombardozzi for the rental of that piece of equipment.

Mr. MONTANTI. Sir, it is a little bit over 3 years, and the total for 1955 was \$4,563, and the total for 1956—I am sorry, sir, I gave you the wrong one. I gave you another one.

Mr. KENNEDY. Is that another piece of equipment that you got from Mr. Lombardozzi?

Mr. MONTANTI. No, it is another piece of equipment from someone else.

The CHAIRMAN. Let us start over now.

Mr. MONTANTI. Forgive me for a moment. I am sorry, sir. The total for 1955 was \$15,375.

The CHAIRMAN. Is that \$15,375?

Mr. MONTANTI. Yes, sir. Total for 1956 for the generator was \$15,425, and for the boiler—

The CHAIRMAN. We don't care about the boiler.

Mr. MONTANTI. It was \$15,425.

The CHAIRMAN. Now wait a minute. What did he pay for the boiler when he first bought it? You said you paid \$13,000 for the generator; was that for the generator and the boiler?

Mr. MONTANTI. No, sir, that was just the generator.

The CHAIRMAN. What I am trying to do now is ask what you paid him for the generator.

Mr. MONTANTI. \$15,225, sir, for 1957.

The CHAIRMAN. What did you pay for 1956?

Mr. MONTANTI. Sir, I am sorry. For 1956, it was \$15,425.

The CHAIRMAN. All right. And for 1957 it was what?

Mr. MONTANTI. For 1957, \$11,225.

The CHAIRMAN. It was \$11,225?

Mr. MONTANTI. That is correct, sir.

The CHAIRMAN. Well, beyond 1957 now, how much longer was it? Did you pay him anything in 1958?

Mr. MONTANTI. Yes, sir. In 1958, sir, it was \$6,400.

The CHAIRMAN. That is \$6,400.

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. When was it purchased or when did you purchase it from him?

Mr. MONTANTI. Sir, it was August of 1958.

The CHAIRMAN. August of 1958?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. And how much did you pay for it?

Mr. MONTANTI. I paid \$15,000 for the boiler.

The CHAIRMAN. You paid \$15,000, that is for what?

Mr. MONTANTI. For the generator, I am sorry, sir.

The CHAIRMAN. That doesn't include the boiler?

Mr. MONTANTI. No, sir.

The CHAIRMAN. It does not include the boiler?

Mr. MONTANTI. No, sir.

The CHAIRMAN. All right. Then did you start renting it in 1955?

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. That is \$63,425.

Mr. MONTANTI. No, sir.

Mr. KENNEDY. Now, you started off and let us start again, when you were confronted with the fact you were going to need a generator, and debated about whether to buy or whether you were able to buy or whether you should rent.

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. You finally decided to rent?

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. And you rented one that you could have bought, I assume you could have bought it for the same price that Lombardozzi could.

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. You rented one that you could have bought for \$13,000?

Mr. MONTANTI. That is correct, sir, but at that time we were in no financial condition to be able to buy it.

Mr. KENNEDY. You were not in financial condition to do it?

Mr. MONTANTI. That is right.

Mr. KENNEDY. All right. We are agreeing on that, but for the first year after you rented it, beginning in 1955, you paid \$13,375 rent on it.

Mr. MONTANTI. No, sir. \$15,000.

Mr. KENNEDY. That is right. \$15,375 rent.

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. And the second year you rented it, you paid \$15,425?

Mr. MONTANTI. That is correct, sir.

Mr. KENNEDY. And in 1957, the third year, you paid \$11,225?

Mr. MONTANTI. That is correct, sir.

Mr. KENNEDY. And the fourth year you rented it part of the year, a little over half of the year, you paid \$6,400?

Mr. MONTANTI. That is correct, sir.

Mr. KENNEDY. It turned out to be a very profitable \$13,000 investment, unless there is a lot of expense we don't know about.

Mr. MONTANTI. Please forgive me for a moment. We also rent other equipment besides this.

Mr. KENNEDY. I don't need to go into that at the moment. I am just trying to ask about these. Are these the facts: That on a \$13,000 investment the man gets his money back over four times in 3½ years' time, the original cost; is that right?

Mr. MONTANTI. Yes, sir; but it is not unusual, sir.

The CHAIRMAN. What is that?

Mr. MONTANTI. It is not unusual.

The CHAIRMAN. Well, I want to go into that business, then.

Mr. MONTANTI. To tell you the truth, sir——

The CHAIRMAN. I mean on the face of it. Now, here you can go out and buy a piece of machinery for \$13,000 and you get \$2,000 profit on it the first year.

Mr. MONTANTI. Well, sir, may I say you are completely right, sir; but I also felt the same way as you are feeling now, and I wanted that piece of equipment myself, but at that time, sir, and the following years, I was not able to buy it. As a matter of fact——

The CHAIRMAN. I don't know. I wouldn't say you were or were not. If you can pay out that much in rent, you could make a note like that down at the bank and pay that much each month.

Mr. MONTANTI. Sir, please, may I just say something? In all fairness to everyone concerned, like I say, it is not unusual to rent a lot of equipment. And for 1957, from one other concern, I paid \$19,000 for compressors for rental. And the name of the company was Pneumatic Tools.

The CHAIRMAN. You paid \$19,000 for rental for machinery?

Mr. MONTANTI. Different types of machinery; yes, sir.

The CHAIRMAN. Well, that could be true. I don't doubt that you could rent machinery, and, of course, you pay a rental. Now, I may be mistaken, because my knowledge is limited in this field, but I hardly believe that the general practice is that you can buy a piece of machinery of that kind and in 3½ years get back four times what it cost originally. I don't think that that is usual.

Mr. MONTANTI. Please, for the record, you are perfectly right. But I will say that we had our financial position, sir, and I do have a controller where we work, and that is why we pay him good money, and I tried——

The CHAIRMAN. You admit it is good money?

Mr. MONTANTI. Yes, sir; I sure do. I wish that I had the generator myself at that time.

The CHAIRMAN. I do, too.

Mr. MONTANTI. But we have a controller, and we pay him a salary, and we do listen to his advice, because our capital is limited.

The CHAIRMAN. You finally wound up that you were able to pay him \$19,000 more?

Mr. MONTANTI. Sir, I had to borrow the money to buy it. Now, please believe me, it was either that or——

Mr. KENNEDY. Weren't you doing work for the Grace Lines at this time?

Mr. MONTANTI. Sir, the Grace Line is one of my many companies I do work for.

Mr. KENNEDY. Wasn't this a new contract that you received about this time?

Mr. MONTANTI. This generator has nothing to do with Grace Line.

Mr. KENNEDY. Wasn't it a new contract that you had with the Grace Lines at this time?

Mr. MONTANTI. What time are you talking about?

Mr. KENNEDY. Just when you made the arrangements originally with Mr. Lombardozzi.

Mr. MONTANTI. Are you talking about the generator?

Mr. KENNEDY. In January of 1955.

Mr. MONTANTI. In January of 1955, no, Lombardozzi, I believe, was there before 1955, sir.

Mr. KENNEDY. Didn't you hire Mr. Lombardozzi at the time you were having the labor difficulties?

Mr. MONTANTI. I was having labor difficulty.

Mr. KENNEDY. Isn't it correct that the Grace Lines was having labor difficulties during this period of time?

Mr. MONTANTI. Would you repeat that question?

Mr. KENNEDY. Isn't it correct that the Grace Lines also were having labor difficulties during 1954?

Mr. MONTANTI. All I know is, sir, everyone on the waterfront was having difficulties.

Mr. KENNEDY. You know the Grace Lines were?

Mr. MONTANTI. I don't know that.

Mr. KENNEDY. You don't know of any difficulty they were having?

Mr. MONTANTI. The whole waterfront was having difficulty, whether it was Grace or anybody else, and I don't recall.

Mr. KENNEDY. You know the Grace Lines were having labor difficulties at that time?

Mr. MONTANTI. Sir, I am sorry, I am afraid I don't understand your question.

Mr. KENNEDY. You don't understand that question?

Mr. MONTANTI. No, sir. I answered it to the best of my ability, and I am trying to tell you that the waterfront at that period was going through a turmoil, and everybody was having difficulty, whether they were not actually having strikes or were having work stoppages or slowdowns or something to that effect.

Mr. KENNEDY. Now Grace Line was one of those having difficulty?

Mr. MONTANTI. It is possible, sir.

Mr. KENNEDY. And Grace Lines at that time changed their original method of doing business and made a contract with you, did they not, to perform this function for them.

Now, he knows the answer to that, Mr. Counsel.

Mr. MONTANTI. Please, sir. Mr. Kennedy and Mr. Chairman and members of this honorable committee, I don't work for Grace Lines and I don't know what their affairs are. You asked me a question, and I would like to answer it to the best of my ability.

The CHAIRMAN. All right. Proceed.

Mr. MONTANTI. I don't know the inner doings of the Grace Line and I don't think I am qualified to say whether the Grace Lines at that time was having trouble or anything else to that effect. I don't know.

The CHAIRMAN. Now, if you knew of it, you could say "Yes," you knew they were having trouble, and if you don't know, you don't know.

Mr. MONTANTI. I did answer that question. I said that the whole waterfront, Graces Lines might have been included, and so could every other steamship company, including the Monti Marine organization.

The CHAIRMAN. Do you know it as a fact that at that time they were having trouble?

Mr. MONTANTI. No, sir.

Mr. KENNEDY. After you made the contract with Grace Lines, did you have financial difficulties of your own?

Mr. MONTANTI. I had financial difficulties before and after.

Mr. KENNEDY. Did you have financial difficulties of your own after you made the contract with the Grace Lines?

Mr. MONTANTI. Sir—

Mr. KENNEDY. I thought you came down here and wanted to tell us everything.

Mr. MONTANTI. You must forgive me, I am not an attorney and I came up here willingly, and do forgive me, and I don't want any curves, because I am here—

The CHAIRMAN. What did you say? You came up how?

Mr. MONTANTI. I came up here willingly.

The CHAIRMAN. Now we are going to be patient and give you time to answer.

Proceed, Mr. Kennedy, but we do want to ask you some questions.

Mr. MONTANTI. What do you mean by "financial difficulties"?

Mr. KENNEDY. Is that a difficult question to answer?

Mr. MONTANTI. Well, sir, I am in financial difficulty now.

Mr. KENNEDY. That might very well be true. Were you having financial difficulties at that time?

Mr. MONTANTI. I probably was, sir, but I still don't know what you mean.

The CHAIRMAN. You said you were having them now, and you know what it is now?

Mr. MONTANTI. Sir, Mr. Chairman, I have answered the question, but I still—he keeps repeating the same question, and I said we were having difficulty, and we are still having difficulty. In our business we need large sums of money.

The CHAIRMAN. You were having financial difficulty at that time? That was the question, and I don't know just how relevant it is. You would know whether you were having financial difficulties then, if you know that you are having them now.

Mr. MONTANTI. I will answer the question to the best of my ability. We were having difficulty before the contract, and we were having difficulty after we got the contract.

The CHAIRMAN. You are talking about financial difficulty?

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. Now, did the Grace Lines at the time that you were having these financial difficulties, agree to help you financially?

Mr. MONTANTI. Mr. Chairman, may I ask a question?

I came up here, and please forgive me, I am not counsel and I might be out of order for asking this question, but I came up here.

The CHAIRMAN. You would be in order if you answered one.

Mr. MONTANTI. I came up here to answer questions pertaining to a statement made in the newspaper which did us a considerable amount of damage.

The CHAIRMAN. We granted you a very wide area here and let you cover it in your own way in your statement, even though you had not complied with the rules. Honestly, I started out here to be just as fair to you as we can be. Now I want you to answer the questions.

Proceed.

Mr. BURSTEIN. May I ask Your Honor one question? Is an inquiry into the business relationship between Monti Marine and any customer pertinent and relevant here?

Is this witness required to disclose the personal and business relationships he has with one among many other companies, and is he qualified to testify with respect to another company when that company is available and, to the best of my knowledge, has submitted a letter?

The CHAIRMAN. We can find out by asking him questions, whether he is qualified or not, and whether he knows. I don't know.

Mr. BURSTEIN. My question was whether an inquiry into the relationship between Monti Marine and Grace Line is pertinent and relevant to the subject matter of this inquiry.

The CHAIRMAN. All right. The chief counsel for the committee will state what the pertinency is.

Mr. KENNEDY. Mr. Chairman, during this period of time up until 1955, the Grace Line was having great difficulty with the Longshoremen's Union and certain other unions. During this period of time they entered into an arrangement with Mr. Montanti's company to do this work for them. Based on that, they were able to save some \$5,000 a week in the work. This was purely work that was being done on the various ships. After they made this contract, these arrangements with this gentleman's firm, they were able to avoid labor difficulties.

At the same time, or just shortly after this contract was entered into, Mr. Lombardozzi was brought into the picture. Mr. Lombardozzi was hired by this gentleman as a labor relations consultant. He was able to take steps that avoided the major problems that they were having with the labor unions at that time.

During this period of time, under the contract, the Grace Lines could have terminated the contract with this company on 15 days' notice. This company could not even get a bond at that time for the performance of this contract because they were in such financial difficulties.

The CHAIRMAN. Which company?

Mr. KENNEDY. Mr. Montanti's company. That is the Monti Marine Co. Subsequently, the Grace Lines approved a loan and went on as guarantors of a loan of some \$400,000 to this company.

Now, the pertinency is whether this company and Grace Line were using Carmine Lombardozzi with his long criminal record to bring labor peace to the docks in the New York area because of the criminal records of some of the individuals with whom he had to negotiate. I specifically have in mind "Ding-Dong" Bell and certain other union officials.

And, Mr. Chairman, along those lines, we have the grand jury testimony that was given in Brooklyn by this witness, and by witnesses

from the Grace Lines, which follow along the outline that I have described here.

So the question that I was asking the witness regarding his relationship with the Grace Lines is very pertinent.

Mr. BURSTEIN. Mr. Chairman, I know I don't have a right to reply, and I am sure that this committee is not bound even by the most elementary rules of evidence, but I wonder if counsel would be good enough to identify where in the record the testimony which he is now giving, not under oath, appears, and in what transcript the testimony that Mr. Kennedy has elected to give voluntarily appears.

Now may I add, Mr. Chairman—

The CHAIRMAN. Wait a minute.

Mr. BURSTEIN. I am sorry, sir.

The CHAIRMAN. You asked for the pertinency, and I was having counsel tell you why he thought it was pertinent, and that may not be based altogether on testimony. That may be based upon information that the committee has and it has not yet been reduced to testimony as such.

Mr. BURSTEIN. Might I say, Mr. Chairman, finally, and I appreciate the committee permitting me to speak, that the witness testified that Mr. Lombardozzi was unable to solve a number of the problems, and as counsel for this company I conducted the arbitration proceeding before Mr. Teller, and I instituted an investigation before the Waterfront Commission of the State of New York and the State of New Jersey, established under the compact, and I filed unfair labor charges with the National Labor Relations Board, so it assumes a state of facts not in evidence to testify, as did Mr. Kennedy, that Mr. Lombardozzi settled all of these problems.

The CHAIRMAN. Just let me say one thing here. Frequently you employ lawyers expecting that they will get a great deal more than they finally get, and the very fact that he couldn't settle everything that was in the nature of a labor dispute does not necessarily detract from the fact that he was employed for that purpose. So he may not have succeeded in every instance.

Mr. BURSTEIN. The witness testified fairly and fully that Mr. Lombardozzi did in fact handle labor problems. I do not think that any nefarious implications should be drawn from that fact.

The CHAIRMAN. You keep trying to emphasize, you and your client, that he wasn't able to do everything. That is all right.

Now you came here voluntarily, and let us proceed.

We are trying to show you where the pertinency lies, so that you can clarify it if there is anything wrong in it.

Now, I don't want to have to come back here again. Let us clear it up if we can.

Mr. KENNEDY. Let me refresh your recollection as to what labor difficulties you were having, and whether Mr. Lombardozzi was able to solve them. I read from page A-45 of your testimony before the grand jury back in February of 1956, remembering, of course, that you didn't break this relationship with Mr. Lombardozzi, as I understand your testimony, until 1957 or 1958. That is September of 1958. You were asked this question:

Question: Can you tell the grand jury how you then hired him, Mr. Lombardozzi, as a labor relations man?

"Answer: First of all, as I said, I don't know whether it was before or after the strike, but I know I was having trouble constantly up the North River, and he came in one day and asked me what the trouble was. And I told him I had lots of trouble. I could not get along with these fellows, and I mentioned Buster Bell, and Harry Kashin."—

I will go into their records, Mr. Chairman—

They were trying to force me to put in a hiring hall and I wouldn't do it. It is not that kind of a business, and I have to pick up my own men and I want to stay in business. He asked me if he could be of any assistance, and I said "What can you do?" And he said, "I have been on this waterfront a long time, and I know them all, and I think I can be of some help."

So I asked him, "What could you do? And he said "I know these people," he said. "Why don't you let me take that problem over as far as labor is concerned?"

I said, "All right." I didn't think I could employ him.

Question: Did you ask him what his qualifications were as a labor relations man?

Answer: Well, at that time anybody that knew these people that could take them off my back, I was very, very happy.

You were asked whether you knew about his criminal record, and you said:

Except he told me when he came down to see me looking for work he was trying to straighten out and go straight.

On page 48 you were asked what Mr. Lombardozzi's functions were, and you replied:

Well, his functions are detailed, and he comes down to the yard two or three times or sometimes four times a week, and any time I have trouble up in the North River, I call him up and if my brother is having trouble and the union is giving him a hard time, I tell him and ask him to take care of it.

Question: Are they legitimate labor troubles that he straightens out?

Answer: Sir, if they were legitimate there wouldn't be any trouble. They are not legitimate.

Now, you were asked if you had knowledge of Lombardozzi's criminal record, and on page 47 you said:

No, sir, as I believe I stated here in this chair I did not know of his criminal record. All I can say is that when we got into trouble with Buster Bell, and this fellow Perrone, he took care of it 100 percent, and there aren't many people on the waterfront who can fight these people and come out on top.

That is what you said.

The CHAIRMAN. Is that correct?

Mr. MONTANTI. I think, sir, that Mr. Kennedy repeated what I had in my statement, and I don't think that my statement was much different.

The CHAIRMAN. Was what he read here correct?

Mr. MONTANTI. Except for Perrone there, I think that I can give you that.

The CHAIRMAN. Here is the original transcript. It is on page 47.

Mr. BURSTEIN. We have the arbitration award here, if that will interest the members. Would you like to have this part of the evidence, sir? You are free to have it.

The CHAIRMAN. I beg your pardon.

Mr. MONTANTI. Would you like to have this as part of the record?

Mr. BURSTEIN. The arbitration proceeding involving Mr. Perrone, in which Honorable Ludwig Teller, now a Congressman from the State of New York, acted as the arbitrator.

The CHAIRMAN. That may be submitted and we will see whether it is pertinent. I wondered, you said something about Mr. Perrone, and did you take exception to what counsel read from the record with regard to him?

Mr. BURSTEIN. Yes, sir.

The CHAIRMAN. Now I have here what appears to be and I understand is, a copy of your testimony before the grand jury.

Mr. MONTANTI. Mr. Chairman, sir——

The CHAIRMAN. This seems to be certified by the reporter as being correct.

Mr. BURSTEIN. We acknowledge it is correct, Mr. Chairman.

The CHAIRMAN. The witness said it was not.

Mr. BURSTEIN. I don't think the witness said that. He said that he had testified substantially the same way in this written statement, and he wanted to correct the statement concerning Perrone.

The CHAIRMAN. I am sorry. You didn't say that you didn't say this at the time. You say now that you want to correct the statement.

Mr. MONTANTI. I don't recall what I said at that time, but I know with the Perrone incident we had to go to arbitration to finally have it settled out, because we couldn't settle the matter ourselves. But one more thing, please, which has me upset, Mr. Kennedy stated that Mr. Lombardozzi, I think by innuendo there, mentioned Grace and labor trouble, and Mr. Lombardozzi never had anything to do with Grace nor with any Grace Line labor. We are not stevedores, sir, and Grace Line employs stevedores, and we do not employ stevedores. We have nothing to do with any labor trouble Grace Line might have had.

We are in the ship repair business and ship maintenance, and so I don't know what Mr. Kennedy meant by Grace Line and labor peace up there, and I wish he would clarify it.

The CHAIRMAN. Does Grace Line necessarily have maintenance work?

Mr. MONTANTI. Sir, we bid on a bona fide contract to get that work with three or four other companies, and we were low bidders, and we were successful bidders, to get that contract, sir.

Mr. KENNEDY. Where was Mr. Perrone working at the time he was fired?

Mr. MONTANTI. Mr. Perrone was working for us up at the pier.

Mr. KENNEDY. What pier?

Mr. MONTANTI. Pier 58, and he was working for Monti Marine.

Mr. KENNEDY. For whom and on what ships?

Mr. MONTANTI. What ships?

Mr. KENNEDY. He was working on the Grace Line at the time that you fired him?

Mr. MONTANTI. That might be so, but we have a Grace Line contract, but it has nothing to do with Grace Line. Mr. Kennedy, the Grace Line has a problem with their stevedores, or their longshoremen, and that has nothing to do with us. If we have a problem with our maintenance local, or riggers, or ironworkers, it has nothing to do with them either. That is entirely different.

Mr. KENNEDY. If it is so different, did you have a representative of the Grace Line in your company?

Mr. MONTANTI. I did not.

Mr. KENNEDY. Did a representative of the Grace Line or was there a representative of the Grace Line present to review the expenditures of your company?

Mr. MONTANTI. Sir, that might be possible, because we might have been losing money.

Mr. KENNEDY. It might not only be possible, but it is true, is it not?

Mr. MONTANTI. Well, yes.

Mr. KENNEDY. Isn't it true?

Mr. MONTANTI. We were working on an honor basis up there.

Mr. KENNEDY. Will you answer the question, and then you can explain it, and isn't it true that a representative of the Grace Line was present in your company to check your expenditures?

Mr. MONTANTI. Well, they went over our books; yes. But he wasn't a representative of the Grace Line, sir. He was an accountant.

Mr. KENNEDY. Put in there the Grace Line?

Mr. MONTANTI. That accountant was put in there by Price, Waterhouse.

Mr. KENNEDY. At the request of the Grace Line? You are not being truthful with this committee.

Mr. MONTANTI. That might be true, but they are only looking——

Mr. KENNEDY. It not only might be true, it is true.

Now, not only were they just checking expenditures, they were going into detail as to what each employee was doing.

Mr. MONTANTI. Well, what is unusual about that, Mr. Kennedy?

Mr. KENNEDY. This is the Grace Line.

Mr. MONTANTI. We do that, sir, with all of our other contracts also, and not only with Grace Line, and that is a normal procedure, to check how much a job costs.

Mr. KENNEDY. That is all, and I asked you that question, and I thought you denied it.

Mr. MONTANTI. We do that with every contract we work for, and not only Grace Line, and it is not an unusual practice, and I don't understand why Mr. Kennedy is making an issue of this. It is embarrassing me all of the more for no reason at all.

May I make a statement for the record? I have been in business now for 8 years, and we have built a pretty nice organization, and I had a lot of competitors, and pretty big competitors, and they are pretty competent and I have made many enemies. This committee here, I know not willfully, sir——

The CHAIRMAN. We are not your enemy.

Mr. MONTANTI. Please forgive me, and I apologize, sir, but believe you me, sir, it is having its adverse conditions on us. All right.

Senator CAPEHART. Mr. Chairman, I would like to ask this question. What are we trying to prove by this witness?

Mr. MONTANTI. That is what I would like to know.

Mr. KENNEDY. He requested to testify.

Senator CAPEHART. He came here of his own accord. And what are you trying to prove by him?

Mr. KENNEDY. He wanted to testify, and he felt he had been wronged evidently, by the testimony before the committee in connection with his association with Carmine Lombardozzi. He came in here to straighten out the record, and we are trying to get some things clarified as long as he is here.

Senator CAPEHART. He admits that he employed the man and he worked for him, and he paid him, and he rented a generator from him, but what is it he did that was wrong?

Mr. KENNEDY. He came in to straighten it out.

Senator CAPEHART. What was wrong about entering into a contract with the Grace Co.? What is wrong with being in financial difficulty, and what would be wrong with having Grace have an auditor in his place of business?

Mr. KENNEDY. Nothing is wrong. Once again it is the relationship with Carmine Lombardozzi, a man with a long criminal record, and a man who could bring labor peace. We are going into the activities of labor-management consultants. We went into them in the garbage association, and we went into them in the restaurant association. Some companies or corporations in the United States are hiring people with criminal records in order to get labor peace.

That question was raised at a previous hearing, and this witness came in in order to straighten out the record.

(Members of the select committee present at this point in the proceedings were Senators McClellan and Capehart.)

Mr. BURSTEIN. Mr. Chairman, might I amplify this statement?

We asked to appear, Mr. Senator, because of the newspaper reports. Perhaps the newspaper reports did not accurately reflect the statements made here or the comments made by members of the committee, or counsel. I have clippings from the New York Daily News, the Herald Tribune, and the like. The implications were perhaps unfortunate. We asked an opportunity to appear here. The witness has testified, it seems to me, that this man was on his payroll. He gave you the amounts, the payments for the generators, competitive prices in the market. He does have an agreement, an arrangement, with Grace Line, but he has that with many, many other steamship operators in the city and State of New York. It is not unusual to have records audited. Indeed, Your Honors well know that where contracts are performed on behalf of the U.S. Government, the U.S. Government audits those records, the Navy Department, and the Army.

It would be hardly fair to conclude by reason of the fact that the Government audits the records of a contractor, that there is some nefarious arrangement between the U.S. Government and Lombardozzi.

The witness has also testified that Lombardozzi was in no wise connected with any of the persons who were engaged in performance of work for the Grace Lines. Monti Marine does not perform any of the stevedoring operations for Grace Lines or anything other than the maintenance work; and that this job was procured under an open and free bid at which there were a number of participants.

I am sure this committee does not want to pillory a businessman or any citizen. This witness came here voluntarily, with no resort to constitutional immunities. While I think a witness has a right to, I personally would not appear with either a business representative or a union representative—I don't represent unions—I would not appear with anybody who would resort to immunity. Certainly this man ought not to be pilloried.

The CHAIRMAN. How do you say he is being pilloried when he is just asked questions?

Mr. BURSTEIN. I should like to submit to you for your consideration, Mr. Chairman, some of the newspaper reports that appeared.

There is in the transcript of the testimony by Lieutenant Mooney, comments by one of the Senators concerning the payments made for the generators, and the clear and unequivocal comment and statement that these were payoffs. This witness comes here to tell you that they are not payoffs. The witness comes——

The CHAIRMAN. When he comes and says that, we have a right to cross-examine him about it.

Mr. BURSTEIN. No objection to that. We have available here the logs to show you the particular jobs on which the generator was used. In addition I have at least 15 schedules showing the hiring of equipment from other contractors. I have had some experience in this field, and I know that it is customary and usual for contractors to hire equipment and to pay these rates and charges. It is not unusual for a man with a \$13,000 investment to enjoy a return of \$50,000.

I dare say, Mr. Chairman, if you were to examine the records of stocks and securities on the New York Stock Exchange, you would find that in the same 4-year period, stocks have more than quadrupled. In my personal experience, real estate values have quadrupled.

In this industry it is not unusual for persons who own capital equipment to derive therefrom amounts far in excess of the initial investment. I don't think that as businessmen any implications can be drawn that suggest any approbrious relationship between this company and the rentals.

Senator CAPEHART. This gentleman testified under oath that rentals paid for this generator were not a payoff to this Lombardozzi.

Mr. BURSTEIN. He has, unequivocally. And he has here, Mr. Senator, a log which identifies every single vessel on which the generator was used and the length of time the generator was used.

Senator CAPEHART. He testified that he did pay this gentleman so much rental for it each year, that he finally bought it from him.

Mr. BURSTEIN. Exactly.

Senator CAPEHART. And that it was not a payoff.

Mr. BURSTEIN. Exactly, and he repeats that under oath.

Senator CAPEHART. And he testified that he did employ this gentleman who does have a record.

Mr. BURSTEIN. Yes, sir, except that he did not know his record and he had no business, social, or personal relationship of any kind with Lombardozzi.

Senator CAPEHART. He did testify that he was in bad financial difficulty?

Mr. BURSTEIN. No, he did not say. I dare say, Mr. Senator, that every small businessman in the United States who expands far beyond his limited capital has some financial problem.

Senator CAPEHART. I will withdraw that. It is no secret that everybody in New York City who has done and who is doing business with stevedores has trouble from time to time and has a strike.

Mr. BURSTEIN. And this is true in every field. I dare say that trouble in the labor field is one of the prices we pay for modern civilization.

Senator CAPEHART. What this committee, I presume, was trying to prove was that you hired this gentleman and paid him what he was

worth as an employee in a normal relationship to settle labor difficulties.

Mr. BURSTEIN. And, Mr. Senator, this witness has unequivocally denied that. Our books and records are available for inspection at any time to the committee.

Mr. KENNEDY. As I understand it, you are not denying that you hired him in order to get labor peace?

Mr. MONTANTI. No.

Mr. KENNEDY. That is the reason that you hired him, to bring you labor peace.

Mr. MONTANTI. That is right. I have said that, Mr. Kennedy.

Mr. KENNEDY. That was one of the points. This man was a man who at that time when he came to you, told you he was trying to straighten out and go straight; is that right?

Mr. MONTANTI. When he came to work for me I did not know of any record that he had. When he was working for me for a while, he did come to me and he told me that he appreciated the job and he wanted to go straight. That is correct. That was after he was working for me.

Mr. KENNEDY. So that you did know the fact that he had this background, this criminal background—

Mr. MONTANTI. No, I did not. I thought he was just like anybody else on the Brooklyn waterfront who was in trouble. I thought he was a bookie, somebody taking book or something like that. I didn't know anything about his background.

Mr. KENNEDY. You knew he was able to get along with somebody like "Ding Dong" Bell, Buster Bell?

Mr. MONTANTI. Well, Mr. Kennedy, if you lived on the waterfront as long as he did, you might know him.

Mr. KENNEDY. This was somebody special, somebody who can get along with this man. This man "Ding Dong" Bell has 13 arrests, 5 convictions, 3 for disorderly conduct, and 1 for possession of a gun. On June 23, 1935, he was arrested for public enemy law, possession of gas bombs, receiving stolen bombs, stolen auto. He was sentenced in 1935 to 10 to 20 years at the New Jersey State Prison.

Are you listening to me?

Mr. BURSTEIN. Yes.

Mr. KENNEDY. On January 16, 1935, he was shot in a lunch wagon in Manhattan.

The CHAIRMAN. Is he regarded as a tough character?

Mr. MONTANTI. Please believe me, I am telling you this truthfully. I only know what I have been reading in the newspapers and that is the God's honest truth. Please believe me. I have heard many things about the man now.

Mr. KENNEDY. Mr. Chairman?

The point, and a very critical point, is the fact that you as a businessman, and maybe it is necessary—the point is that you as a businessman hired a man with a criminal record in order to deal with these other people.

Mr. MONTANTI. Mr. Kennedy, I have already told you that I did not know of this criminal record.

Mr. KENNEDY. You knew of his criminal associates. You knew that at the time you hired him—

except when he told me when he came down to see me looking for work he was trying to straighten out and go straight.

You certainly knew at the time the grand jury investigation was made in January 1956. You certainly knew then, because they explained it to you.

Mr. MONTANTI. Well, tell me, so what? I found out then. That is when I found out that he maybe had a record. But they still didn't tell me what his record was.

Mr. KENNEDY. You certainly could have found out very easily.

Mr. MONTANTI. I don't know about that. I tried to find out and they wouldn't tell me.

Mr. KENNEDY. You couldn't have gone to the police department and found out his record?

Mr. MONTANTI. Mr. Kennedy, I don't know how familiar you are with the waterfront, but if I had to screen everybody who comes to work for me—please let me finish the statement—if I had to screen everybody who comes to work for the Monti Marine organization, or anybody else along the waterfront, steamship companies, ship repair, if they had to screen everybody who came into their gates, it would be some problem. I am not kidding.

Mr. KENNEDY. You are hiring this man for labor peace. This man has a criminal background and you are hiring him in order to deal with these people.

Mr. MONTANTI. And I will still say I did not know about his criminal background.

Mr. KENNEDY. You certainly did in 1956.

Mr. MONTANTI. Mr. Kennedy, please, the man was already working for me. My attorney, Mr. Burststein, I think he knows everybody there is to know on the waterfront, or any other union in this country. Do I consider him to be a person of ill repute because he associates with those people? I would like an answer to that question, Mr. Kennedy. You are talking about association.

The CHAIRMAN. Just a moment now. If you thought he was that kind, I assume you would not employ him.

Mr. MONTANTI. Sir?

The CHAIRMAN. If you thought your lawyer was a crook, I assume you wouldn't employ him.

Mr. MONTANTI. That is correct, sir. That is very correct.

The CHAIRMAN. In the other matter of a public relations man, dealing with labor, obviously you hired a known criminal.

Mr. MONTANTI. No, sir; I did not hire him as a known criminal.

The CHAIRMAN. At the time you hired him, you did not know it.

Mr. MONTANTI. That is correct; I did not know it.

The CHAIRMAN. But thereafter you found out?

Mr. MONTANTI. Thereafter, when the grand jury was in Brooklyn, I found out that the man had a record. But up to that time, sir, I like to treat a man the way I find him. The man was doing a job for me. I did not know of anything he did beyond the law.

Mr. KENNEDY. Why didn't you break off relationship with him after you found out?

Mr. MONTANTI. Well, I will tell you why. Just for the reasons that I am here today. Because there are articles in the newspaper that say that Mr. Lombardozzi was an officer of the Monti Marine Corp.,

and which he was never an officer of the Monti Marine Corp. That was a lie. It was printed in the newspaper. I deal with nice people. I deal with steamship companies and I deal with Government.

Mr. KENNEDY. But you don't answer any questions.

Mr. MONTANTI. Please let me finish what I have to say. I think, Mr. Kennedy, you have said enough.

The CHAIRMAN. Listen, now——

Mr. MONTANTI. I apologize. But let me get my point in. That is why I came, Senator McClellan.

Sir, I have been damaged so greatly that you have no idea. I deal with the Government, sir; I deal with steamship companies, and they are all nice people. I don't want them to think, sir, that I am not nice people. After all, sir, they read these articles in the newspaper and they have to think twice before they give me a contract.

Sir, I have worked 8 years to build up this organization. I have a fine organization. It speaks for itself. You can find out yourself. This is not fair.

The CHAIRMAN. What is not fair?

Mr. MONTANTI. For example here—I am sorry.

The CHAIRMAN. Do you mean the newspaper article is not fair?

Mr. MONTANTI. The statement that was made by Lieutenant Mooney where he said that Mr. Lombardozzi was a member of the Monti Marine Corp., also the statement where Lieutenant Mooney said to the committee here that the \$750 that I paid to Mr. Lombardozzi, a week, was to keep my head from being bashed in, or some words to that effect. Sir, that is a lie.

The CHAIRMAN. All right. The lieutenant lied?

Mr. MONTANTI. Sir, I didn't say it was the lieutenant. I didn't say Lombardozzi. But it was one of them.

The CHAIRMAN. One of them lied?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. Have you anything further you want to say?

Mr. MONTANTI. I think I have said plenty.

Mr. BURSTEIN. Mr. Chairman, I don't think the witness wants to charge Lieutenant Mooney with lying.

The CHAIRMAN. Well, I don't know.

Mr. BURSTEIN. Might I say he is somewhat upset, and he is emotionally disturbed over this situation.

The CHAIRMAN. Are you satisfied that his testimony up to now——

Mr. BURSTEIN. I am satisfied with his statement. I do want to withdraw his comment that Lieutenant Mooney lied. I saw the transcript. I don't think Lieutenant Mooney identified Mr. Montanti or his company with Mr. Lombardozzi as an officer. There was a comment by one of the members of the committee, I believe it was Senator Kennedy, who concluded from a comment made by Lieutenant Mooney that the \$750 with a labor payoff. This Mr. Montanti unequivocally denies. He has stated it under oath repeatedly in his statement, and again on examination, that he has never paid a cent. The fact that an individual knows a labor delegate certainly does not suggest any unusual relationship.

I have lectured at Columbia and New York University. I have taught on the faculties of two colleges. I have represented management. I know many labor representatives.

The CHAIRMAN. Now, will you answer the question? Are you satisfied that he has been given an opportunity?

Mr. BURSTEIN. Yes.

Mr. MONTANTI. Sir, I want to thank you very much. I did not mean that Lieutenant Mooney lied, sir. The truth might have been misconstrued a little bit.

I want to thank you very, very much, sir, for this opportunity.

The CHAIRMAN. I am sure you felt as though you had been injured by the testimony, and you wanted to come and correct it. Now we have given you the opportunity to make your statement, and undertook to interrogate you about some other things that might have been pertinent in weighing your testimony as against the testimony of others. But if you are satisfied that you have had your opportunity, I am satisfied.

Mr. MONTANTI. Thank you.

Mr. BURSTEIN. Thank you.

Mr. KENNEDY. Is he going? We have a lot more.

Mr. BURSTEIN. We are here.

Mr. MONTANTI. We are with you, Mr. Kennedy. We have been here since 10 o'clock. We are ready.

Mr. KENNEDY. We have these documents in connection with the generator.

Did you have anything to do with the purchase of the generator by Mr. Lombardozzi?

Mr. MONTANTI. No, sir. I stated that. You have that in the statement.

Mr. KENNEDY. Did you inspect the generator—

The CHAIRMAN. Confine your interrogation to regarding the generator.

Mr. KENNEDY. Did you have anything to do with setting up Mr. Lombardozzi's company which owned the generator?

Mr. MONTANTI. No, sir. I have stated that.

Mr. KENNEDY. Did you endorse the notes? Did you participate in the financial transaction for Mr. Lombardozzi purchasing the generator?

Mr. MONTANTI. Not that I know of.

Mr. KENNEDY. You did not?

Mr. MONTANTI. I don't think so, sir. I don't recall, but I doubt it very much.

The CHAIRMAN. Here seem to be exhibits that have been introduced. Have they been introduced?

Mr. KENNEDY. No. Can we put these documents in, Mr. Chairman? We have the documents and the records from the grand jury which have very many interesting passages. I do not want to keep the committee late.

The CHAIRMAN. I hand you here photostatic copies of what purport to be promissory notes dated January 13, 1955. There seems to be three of the notes. I believe they are in the amount of \$1,000 each.

I will ask you to examine those notes, the photostatic copies, and see if you can identify them.

(The documents were handed to the witness.)

(The witness conferred with his counsel.)

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. Do you identify the notes?

Mr. MONTANTI. Yes, sir; I do.

The CHAIRMAN. Did you become a guarantor or endorser of those notes, guaranteeing their payment?

Mr. MONTANTI. I think I can explain them, sir, if you want me to explain them.

The CHAIRMAN. Did you? Just answer "Yes" or "No."

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. Those notes may be made exhibit No. 62.

(Documents referred to were marked "Exhibit No. 62" for reference and may be found in the files of the select committee.)

Mr. MONTANTI. Now can I explain?

The CHAIRMAN. Yes, and I can show you another matter or two, and then you can make all of your explanations.

Mr. MONTANTI. I am sure we have explanations.

The CHAIRMAN. Now I show you a letter dated February 3, 1955, addressed to Mobile Marine Power Equipment Corp., apparently signed by Zelby & Burstein. I will ask you to examine that. It is on Zelby & Burstein attorneys' stationery. I will ask you to examine that letter and state if you identify it.

(The document was handed to the witness.)

The CHAIRMAN. Do you identify the copy of the letter?

Mr. MONTANTI. Yes, sir.

The CHAIRMAN. It may be made exhibit No. 62A.

(Document referred to was marked "Exhibit No. 62A" for reference and may be found in the files of the select committee.)

The CHAIRMAN. I hand you another document which is apparently an inspection report, a photostatic copy of it.

Will you examine it and state if you identify it.

(The document was handed to the witness.)

Mr. MONTANTI. Sir, my name appears here, but it is not my signature.

The CHAIRMAN. You may make explanation about that. That may be made exhibit No. 62B.

(Document referred to was marked "Exhibit No. 62B" for reference and may be found in the files of the select committee.)

Mr. MONTANTI. Sir, I can't identify it.

The CHAIRMAN. You cannot?

Mr. MONTANTI. I cannot.

The CHAIRMAN. You cannot identify it. Does it refer to the same generator that you have been interrogated about?

Mr. MONTANTI. Yes; I would say so.

The CHAIRMAN. You can say you don't identify it, or make any explanation about it that you want to.

Is there anything further?

Mr. KENNEDY. Does he want to explain the letter?

The CHAIRMAN. You may explain the notes and the letter.

Mr. BURSTEIN. May we see the notes first, please?

(The documents were handed to the witness.)

Mr. MONTANTI. Sir, at the time of the purchase of this generator, Mr. Heller did not know the Lombardozzis, and Mr. Heller knew me—Lombardozzi, that is Mr. Carmine Lombardozzi—and if I recall correctly there was \$3,000 to be paid in monthly installments. I guess

this is it. He asked me—he knew me but he did not know Lombardozzi—if I would more or less endorse it. That is as far as I went. He did not know Lombardozzi, and I endorsed it. That is about all.

But as far as the transaction, I had nothing to do with it. These notes were brought to me, I believe, at my office. That is all. I had nothing to do with it. Mr. Heller, I believe, wanted some kind of a guarantee that those notes were good; that is all.

The CHAIRMAN. In order to put this other man in business so he could buy a generator to rent to you, went on the notes; is that correct?

Mr. MONTANTI. Sir, he paid \$10,000.

The CHAIRMAN. I understand, but yet the last \$3,000 was credit.

Mr. MONTANTI. Sir, let me explain something. Sir, at that time we were in dire need of the generator. We had a vessel coming into the yard.

The CHAIRMAN. If you would just answer the questions, we would get over this so much more quickly.

You did sign three notes?

Mr. MONTANTI. Yes.

Senator CAPEHART. For \$1,000 each?

Mr. MONTANTI. That is correct, sir.

The CHAIRMAN. Now, proceed with your explanation.

(The witness conferred with his counsel.)

Mr. MONTANTI. Sir, at that time—please forgive me, I had the same idea about this generator you had a while ago, and other people in the room, that I thought it was a good business venture. Since Mr. Lombardozzi was going to put the money up, I thought at that time that something good—

The CHAIRMAN. Thought there was something good about it?

Mr. MONTANTI. That is right; something good. This man did offer me an interest in the corporation.

The CHAIRMAN. The corporation he was setting up to buy this one piece of machinery?

Mr. MONTANTI. Well, sir, he was supposed to buy other equipment, I guess, at the time. But anyway, to make a long story short, sir, I know nothing about legal matters. I took him up to the office of my attorney, and I seen one of Mr. Burstein's assistants, and I told him I was interested, and I told him I would like to draw some kind of papers up, follow through, and see if there was any liens, and all that kind of stuff. Then when Mr. Burstein came back he advised me against it. He advised me against it and he told me I had enough problems of my own without going into another corporation, and I wasn't able to do so at the time.

Sir, that is where it ended. That is about where it ended. I never went into it, sir.

The CHAIRMAN. After you didn't become a partner, then you went on his note?

Mr. MONTANTI. Well, sir, at that time I had this ship coming in and it was very important that I—

The CHAIRMAN. What is the date of the letter?

Mr. MONTANTI. February 3.

The CHAIRMAN. February what?

Mr. MONTANTI. February 3, 1955.

The CHAIRMAN. The letter was written 3 days after you had gone on the note.

Mr. MONTANTI. All right. No harm done there, sir.

Senator CAPEHART. You did not take a half-interest in the corporation?

Mr. MONTANTI. No, sir; I never did.

Senator CAPEHART. Notwithstanding what the letter says?

Mr. MONTANTI. That is right, sir. I never did.

Senator CAPEHART. And you did sign three \$1,000 notes in payment for the generator?

Mr. MONTANTI. Not a down payment. A guarantee. The down payment was \$10,000, sir. Mr. Heller would not give him the generator unless I personally endorsed the notes. The reason for that was that the generator was coming into my yard, and he didn't want to take any chances of losing that money.

Mr. KENNEDY. Mr. Chairman, I want to summarize briefly the fact that this man was hired as a labor relations consultant when this gentleman was having difficulty with some of these notorious figures; that he was able at least to bring some labor peace.

He was able to be reasonably successful. Ultimately he purchased this generator for some \$13,000, of which \$3,000 was guaranteed by this witness. Mr. Lombardozzi purchased this generator, the labor relations consultant. Then over the period of the next 3 years this witness' firm paid Mr. Lombardozzi some \$83,000, and afterwards secured ownership of the generator; that he appeared before a grand jury in January of 1956, which went extensively into his relationship with Mr. Lombardozzi, and, nevertheless, he did not break off his relationship until September of 1958.

The CHAIRMAN. You have made your explanation and stated now all that you want to state?

(At this point Senator Curtis entered the hearing room.)

Mr. MONTANTI. Yes, sir.

Mr. KENNEDY. Can we have the grand jury items made exhibits for reference?

The CHAIRMAN. Do you solemnly swear the evidence you shall give before this Senate select committee shall be the truth, the whole truth, and nothing but the truth, so help you God?

Mr. MAY. I do.

TESTIMONY OF WALTER R. MAY

The CHAIRMAN. You are a member of the staff of this committee?

Mr. MAY. Yes, Senator.

The CHAIRMAN. What is your name?

Mr. MAY. Walter Richard May.

The CHAIRMAN. You have in your hand what?

Mr. MAY. The minutes of the grand jury testimony taken February 1956 relating to the Monti Marine Co.

The CHAIRMAN. Whose testimony is it?

Mr. MAY. Mr. Charles Montanti, primarily.

The CHAIRMAN. It does contain his testimony?

Mr. MAY. It does.

The CHAIRMAN. That part, then, of the transcript that pertains to his testimony will be made exhibit No. 63, for reference.

(Document referred to was marked exhibit No. 63 for reference and may be found in the files of the select committee.)

The CHAIRMAN. Thank you very much.

You may stand aside.

Mr. BURSTEIN. Mr. Chairman, are we excused?

The CHAIRMAN. Yes, you may be excused.

Thank you very much.

The committee will stand in recess until 10:30 in the morning. We will convene again in this room.

(Members of the select committee present at time of recess: Senators McClellan, Curtis, and Capehart.)

(Whereupon, at 4:55 p.m. the select committee recessed, to reconvene at 10:30 a.m., Wednesday, March 11, 1959.)

APPENDIX

EXHIBIT No. 48



INTERNATIONAL BROTHERHOOD OF
Electrical Workers' Local 134 of Chicago
AMERICAN FEDERATION OF LABOR

Electric Phonograph Service & Maintenance Division

Meets 1st Thursday Evening of every month.

600 W. Washington Blvd.

Phone STate 1-3400

1958

JULY

AUG.

SEPT.



THIS IS TO CERTIFY THAT

DONALD J. MOLONEY

D174953 PHO-f

5007 N. KEDZIE AVENUE

CHICAGO 25, ILL.

Is a member in good standing of above organization, and in accordance therewith this working card is issued to him for July, Aug. & Sept., 1958.

Rockwell C. Anderson Pres.

Narry J. Hughes Sec.

Bond Bros. & Co., Chicago

17205

PETTY CASH

THIRTY-THREE DOLLARS 55/100 \$ 33.55

For I.B.E.W.

Dues for April May June

Charge to Account ~~to~~ UNION DUES

Signed

John Smith

Date

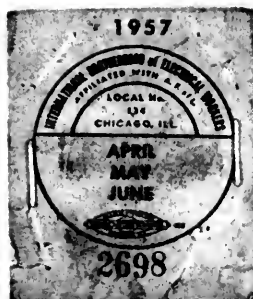
3-17-58

newall UNION DUES

FORM 602-00 U.S.A.

EXHIBIT No. 49

UNION LABELS



January 20, 1958

17208

IMPROPER ACTIVITIES IN THE LABOR FIELD

EXHIBIT No. 50

Chicago Independent Amusement Assoc.
166 E. Ontario
Chicago 11, Illinois

Gentlemen:

This letter is to inform you that Nos. 990 and 997 of the Union identification cards were defective. Therefore we are returning same to you for replacements.

Thank you for your attention to this matter.

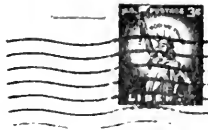
Donal Distributing Company

Mac Brier

MB/pjm

EXHIBIT No. 51

Chicago Ind. Amusement Assn.
165 East Ontario Street
Chicago 11, Illinois



STATEMENT

3/20/

19 58

To Donan Distributing Company
5007 North Kedzie Avenue
Chicago 25, Illinois

Terms

40 Machines	\$120 00
April, May & June	

Enclosed you will find your bill for current dues.

There has been some interruption in our office service because of unfounded investigations.

However, your association is now providing the same service as heretofore. All members should display on their machines the stamps which will be provided by Local 134

Office open as usual, Phone-- De 7-4338

STATEMENT

STATEMENT

Chicago Independent Movement above
Suite 700 - 133 W. 29th Street
Chicago 21, Ill.
Dec. 10, 1957.

Dec. 10, 1957

To Donan Distributing Company

5007 North Kedzie Avenue

Chicago, Illinois

Jan. Feb. March 1958

90 . Labels

\$270.00

FLIGHT DATE, NAME OF AIRCRAFT	FLIGHT NO.	ACCOUNT NO.	DATE PAID
West air (subscriptions)	10000000	10000000	10000000
FLIGHT DATE, NAME OF AIRCRAFT	FLIGHT NO.	ACCOUNT NO.	DATE PAID
West air (subscriptions)	10000000	10000000	10000000

Total

\$270.00

90 labels - Jan - Feb - Mar.

NOTE: IF MORE LABELS ARE NEEDED SEND CHECK TO COVER.

NOTE: UNLESS 5TH QUARTER LABELS ARE ON BY THE 15TH OF
JANUARY -- LOCATIONS WILL BE DECLARED OPEN.

DONAN DISTRIBUTING COMPANY

5607 NORTH KEDZIE AVENUE
JUNIPER 9-3211

4478

CHICAGO 25, ILL. Dec. 27 57 $\frac{2.77}{710}$

270.00

Chicago Independent Amusement Assoc.
Suite 900 - 33 N. La Salle Street
Chicago 2, Illinois

DONAN DISTRIBUTING COMPANY

88

NOT NEGOTIABLE

TO AMERICAN NATIONAL BANK AND TRUST COMPANY
OF CHICAGO

DONAN DISTRIBUTING COMPANY
CHICAGO, ILL.

90 labels - Jan. - Feb. - Mar.

▶▶▶▶▶

\$270.00

EXHIBIT No. 53

COVEN DISTRIBUTING COMPANY

NUMBER
10815A CORPORATION
EXCLUSIVE DISTRIBUTORS OF
PRODUCTS WURLITZER PHONOGRAPHS

CHICAGO 18, ILL.

105 ✓

2-419
710PAY
TO THE
ORDER OF

2121-2 ELYSON AVENUE

Thomas Smith

\$500.00

DOLLARS

NATIONAL BANK OF COMMERCE

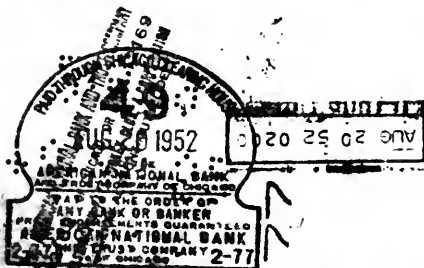
CHICAGO, ILLINOIS

COVEN DISTRIBUTING COMPANY, INC. A CORP.

*Thomas Smith**Festine Coven*

P.O.

B.C.



CLUB HOUSE INFORMATION

*Thomas Smith**Secretain* NUMBER 1

PAYMENT

Wm. S. Ryker
ATTORNEY GENERAL

FILE NO. 1-24761

EXHIBIT No. 54

X13

June 18, 1957

PARTNERSHIP AGREEMENT

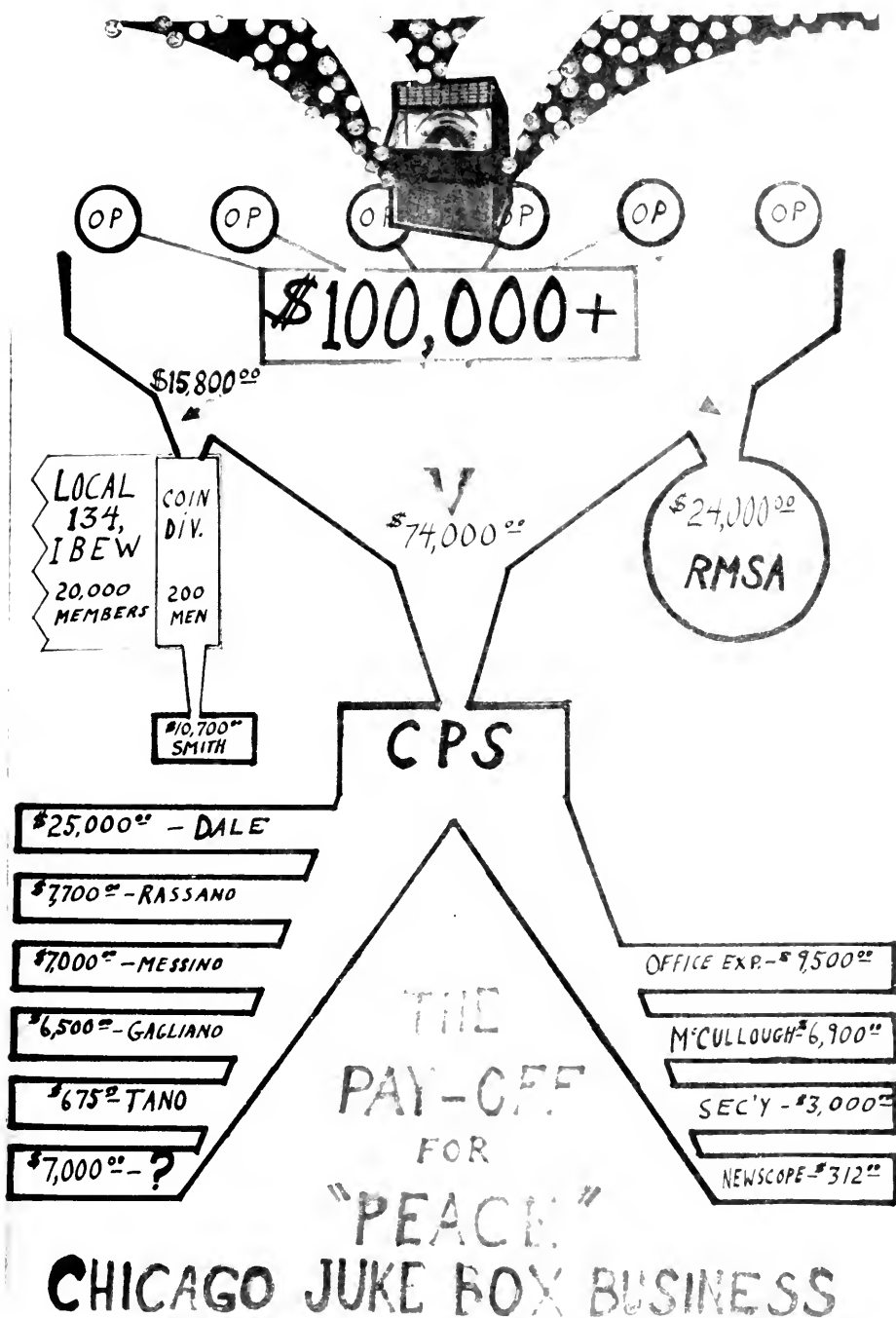
This agreement entered into by Ralph Kelly and Robert Franco on the Eighteenth Day of June, 1957 to form the Aurora-Kane County Amusement Co. of 1009 St. Charles Rd., Elgin, Ill., for the purpose of operating certain amusement machines at different locations for profit and shall share equally in same if any and that each shall put in his full time in the operation of this business.

Signed Robert FrancoSigned Ralph Kelly

Witnessed this 18th day of
June, 1957

Joseph J. Pesto

EXHIBIT No. 56



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